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THE CABINET

**Wednesday, 23rd July, 2014 at 8.15 pm in the Conference Room,
Civic Centre, Silver Street, Enfield, EN1 3XA**

Membership:

Councillors: Doug Taylor (Leader of the Council), Achilleas Georgiou (Deputy Leader of the Council), Chris Bond (Cabinet Member for Environment and Community Safety), Donald McGowan (Cabinet Member for Health and Adult Social Care), Ayfer Orhan (Cabinet Member for Education, Children's Services and Protection), Ahmet Oykenner (Cabinet Member for Housing and Estate Regeneration), Rohini Simbodyal (Cabinet Member for Culture, Sport, Youth and Public Health), Alan Sitkin (Cabinet Member for Economic Development), Andrew Stafford (Cabinet Member for Finance) and Yasemin Brett (Cabinet Member for Community Organisations)

NOTE: CONDUCT AT MEETINGS OF THE CABINET

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

AGENDA – PART 1

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATION OF INTERESTS**

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

DECISION ITEMS

3. URGENT ITEMS

The Chairman will consider the admission of any reports (listed on the agenda but circulated late) which have not been circulated in accordance with the requirements of the Council's Constitution and the Local Authorities (Executive Arrangements) (Access to Information and Meetings) (England) Regulations 2012.

Note: The above requirements state that agendas and reports should be circulated at least 5 clear working days in advance of meetings.

4. DEPUTATIONS

To consider any requests for deputations which are received for presentation to this Cabinet meeting.

5. ITEMS TO BE REFERRED TO THE COUNCIL

To agree that the following reports be referred to full Council:

1. Report No.15 – Strategy and Approach to Delivering Pupil Places (for the implications to the capital programme)
2. Report Nos. 25 and 27 – Lee Valley Heat Network Business Plan (for the implications to the capital programme)

6. STRATEGY AND APPROACH TO DELIVERING PUPIL PLACES (Pages 1 - 22)

A report from the Director of Schools and Children's Services and Director of Finance, Resources and Customer Services is attached. This sets the scene for the new administration's approach to the provision of school places for Enfield residents and updates the strategy for the provision of places. **(Key decision – reference number 3943)**

(Report No.15)
(8.25 – 8.30 pm)

7. REVENUE OUTTURN 2013/14 AND 2015/16 – 2018/19 MEDIUM TERM FINANCIAL STRATEGY (Pages 23 - 58)

A report from the Director of Finance, Resources and Customer Services is attached. This sets out the overall Council General Fund and Housing Revenue Account outturn position for 2013/14 and provides an update on the 2015/16 budget. **(Key decision – reference number 3946)**

(Report No.16)
(8.30 – 8.35 pm)

8. CAPITAL OUTTURN 2013/14 (Pages 59 - 80)

A report from the Director of Finance, Resources and Customer Services is attached. This informs Members of the capital investment undertaken in 2013/14, and the way in which it has been funded. **(Key decision – reference number 3947)**

(Report No.17)
(8.35 – 8.40 pm)

9. ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2013/14
(Pages 81 - 92)

A report from the Director of Finance, Resources and Customer Services is attached. This reviews the activities of the Council's Treasury Management function over the financial year ended 31 March 2014. **(Non key)**

(Report No.18)
(8.40 – 8.45 pm)

10. THE CARE ACT 2014 (Pages 93 - 104)

A report from the Director of Health, Housing and Adult Social Care is attached. This sets out the key requirements of the Care Act 2014, the potential impact on the Council and progress made locally to implement it. **(Key decision – reference number 3933)**

(Report No.20)
(8.45 – 8.50 pm)

11. SPECIAL PURPOSE VEHICLE FOR NEW BUILD COUNCIL HOMES
(Pages 105 - 114)

A report from the Director of Health, Housing and Adult Social Care and the Director of Finance, Resource and Customer Services is attached. This proposes the setting up of a limited liability company for the purposes of developing, owning and managing property. **(Key decision – reference number 3890)**

(Report No.21)
(8.50 – 8.55 pm)

12. ALMO RE-INTEGRATION (Pages 115 - 128)

A report from the Director of Health, Housing and Adult Social Care is attached. This outlines proposals to progress the plans to re-integrate Enfield Homes back into the Council. **(Key decision – reference number 3911)**

(Report No.22)
(8.55 – 9.00 pm)

13. RE-PROVISION PROJECT (Pages 129 - 138)

A report from the Director of Health, Housing and Adult Social Care is attached. This sets out proposals for progressing the re-provision project of a

dual registered care home. (Report No.26, agenda part two also refers) **(Key decision – reference number 3963)**

(Report No.24)
(9.00 – 9.05 pm)

14. LEE VALLEY HEAT NETWORK - BUSINESS PLAN (Pages 139 - 160)

A report from the Director of Regeneration and Environment is attached. This seeks approval of the Lee Valley Heat Network Business Plan and Summary programme. (Report No.27, agenda part two also refers) **(Key decision – reference number 3706)**

Note: The appendices referred to in the report have been circulated and are available on the Council's website as a separate reference pack.

(Report No.25)
(9.05 – 9.10 pm)

15. ISSUES ARISING FROM THE OVERVIEW AND SCRUTINY COMMITTEE

To note that no items have been received for consideration at this meeting.

16. CABINET AGENDA PLANNING - FUTURE ITEMS (Pages 161 - 166)

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

17. MINUTES (Pages 167 - 178)

To confirm the minutes of the previous meeting of the Cabinet held on Wednesday 25 June 2014.

INFORMATION ITEMS

18. ENFIELD STRATEGIC PARTNERSHIP UPDATE

There are no written updates to be received.

19. DATE OF NEXT MEETING

To agree that an additional Cabinet meeting be scheduled to take place in August 2014 and to confirm the date of that meeting.

To note that the following meeting of the Cabinet is scheduled to take place on Wednesday 17 September 2014 at 8.15pm.

CONFIDENTIAL ITEMS

20. EXCLUSION OF THE PRESS AND PUBLIC

To consider passing a resolution under Section 100A(4) of the Local Government Act 1972 excluding the press and public from the meeting for any items of business listed on part 2 of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in those paragraphs of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).
(Members are asked to refer to the part 2 agenda).

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MUNICIPAL YEAR 2014/2015 REPORT NO. 15**MEETING TITLE AND DATE:**Cabinet – 23rd July (KD 3943)**REPORT OF:**

Directors of Schools and Children's Services, and Finance, Resources and Customer Services

Agenda – Part: 1**Item: 6**Subject: Strategy and Approach to delivering Pupil Places
Wards: AllCabinet Members consulted:
Cllr Ayfer Orhan and Cllr Andrew Stafford**Contact Officer:**

Michael Toyer, telephone: (020) 8379 5485

e-mail: michael.toyer@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 Since 2010 the Council has successfully managed delivery of 4,410 permanent Primary school places, in increasingly challenging conditions, with hundreds more secured through temporary and partner school arrangements where they have been needed. Enfield is now in the top quartile in London for being able to offer parents their first choice of Primary school through the admissions process.
- 1.2 This report sets the scene for the new administration's approach to the provision of school places for Enfield residents and updates the strategy for the provision of places. The update reflects:
- the 2014 annual review of the population projections about the expected demand for school places;
 - updated information on the current and planned supply of mainstream school places;
 - the increasing demand pressures on provision for children with Special Educational Needs; and
 - information from approved construction indexes and recent market activity on costs.
- 1.3 The overall demand for Primary school reception places up to September 2018 is projected to be broadly in line with the expectation reported last year. Throughout the year it became clear that there was less immediate demand pressure for most of the borough and delivery plans were adapted accordingly. The South West and North Central (Enfield Town) areas of the borough remain the most challenging in terms of demand for places but recent delivery has helped ease that pressure. Whilst there are some changes in supply in some pupil place planning areas, known Free / Academy Primary school provision does not meet all demand up to 2018.
- 1.4 There remains a need to deliver nine extra forms of entry between September 2015 and September 2018. Two of those extra forms are expected to be met by provision from Free/Academy Schools but the Council will need to plan to expand Local Authority maintained schools to ensure it continues to meet the statutory responsibility to provide sufficient school places in the borough.
- 1.5 Secondary school provision up to 2017/18 meets projected demand with extra provision expected to be delivered by Free/Academy Schools.

However, the position will need to be kept under review in case demand increases by more than expected or the extra provision does not materialise.

- 1.6 There is a pressing need to increase capacity in school and establishments that provide education services for some of the most acute special need categories. Autistic Spectrum Disorder is the highest priority in the short term.
- 1.7 Changes in market conditions for the construction sector have had a significant impact on costs. The indexes used for inflation and location have been updated but still lag behind real market conditions. This requires an update to the figures used to generate estimated costs for projects within the programme. An uplift of 26% is recommended.
- 1.8 Provision of free/academy school places in the North East area has removed the current need to expand and re-provide Brimsdown. This has been noted in a previous report about that secured agreement to rebuilding the kitchen and diner due to poor condition. There is the opportunity to re-allocate the remaining funding within the programme to minimise the increase to the indicative programme budget. Additionally where demand does not emerge as immediately as expected in some areas, project delivery and budgets will be re-profiled within the Capital Programme to minimise spend in the short term. Budgets and costs will continue to be monitored and adjusted through the quarterly Capital Monitor process.
- 1.9 For consistency of management arrangements the remainder of phase one PEP projects (Edmonton County, Worcesters and Prince of Wales), with their budgets, will be combined with phase two.
- 1.10 Delegated authority is already in place for a series of decisions to:
 - Establish the detailed programme and projects, including project level budgets within the programme; and
 - Agree procurement approaches, land transactions, place orders, submit planning applications and enter into contracts with required contractors.

2. RECOMMENDATIONS

- 2.1 It is recommended that Cabinet approve:
 - 2.1.1 The updated strategy to provide the additional school places required up to 2018 and the continuation of the school expansion programme with an expanded scope to cover the expansion of capacity for special need provision up to 2018;
 - 2.1.2 The project cost estimates generated for the 2013/14 Capital Programme are increased by 26% to take account of changes in construction market cost indexes and current market conditions;
 - 2.1.3 That the overall programme allocation is increased from £63.4 million to £64.9 million to allow for changes in market conditions. This reflects the 26% increase on projects but has been minimised by re-allocating the remaining £10 million from the proposed Brimsdown rebuild that is currently not required to meet demand for places in the NE area. Project level budgets will be updated through the Capital Monitor process and given the pressures on the Council budget, as set out in the Medium Term Financial Strategy, the allocation for school expansions will be managed within the overall Capital Programme agreed in February 2014;
 - 2.1.4 Additional capacity is created to deliver educational services to pupils with special need, with the priority in the short term being Autism – subsequent

reports will seek decisions on scheme and cost proposals;

2.1.5 Delegating authority to the Cabinet member for Education, Children's Services and Protection and the Cabinet Member for Finance in consultation with the Directors of Schools and Children's Services and Finance, Resources and Customer Services, or the Assistant Director of Strategic Property Services, to take relevant decisions on:

- The individual schools and sites that can be expanded, and decisions on statutory expansions, to meet the need for extra pupil places, both mainstream and special, up to 2018;
- Entering in to contractual arrangements and placing orders for any capital works required for the projects;
- Conducting any land appropriations as required for schemes to be developed; and
- Conducting any necessary land transactions, including acquisitions by way of freehold or leasehold, as individual schemes are developed.

2.1.6 Delegating authority to the Directors of Schools and Children's Services and Finance, Resources and Customer Services to take decisions on the:

- Programme management arrangements and operational resourcing, including procurement of any required support services;
- Cost estimates, budgets and spend for projects in advance of updates to the Capital Programme;
- Submission of planning applications; and
- The appropriate procurement routes for individual schemes.

2.1.7 To forward this report on to Full Council for approval and adoption of the proposed changes to the Council's Capital Programme.

3. BACKGROUND

The Primary Expansion Programme

3.1 The Primary Expansion Programme (PEP) phase one was designed to provide an additional 1,890 permanent school places across all year groups, or nine forms of entry (FE), beginning in September 2013 across eight schools, including increased building capacity to support previous school expansions. This was supplemented and modified by creating a second phase of the programme.

3.2 Phase one delivered permanent expansions from September 2013 at Chesterfield, Highfield, George Spicer and Edmonton County schools. Works are ongoing at Edmonton County as it a large and complex scheme.

3.3 Last year's report moved the Grange Park expansion and Garfield rebuild projects into phase two. For consistency of management arrangements the following schemes from phase one are placed under the phase two programme management structure and overall budget allocation:

3.3.1 Worcesters Primary School

Complete the accommodation requirements of the school's permanent expansion from 2 FE to 3 FE – extra space required by September 2015. Works have recently commenced.

3.3.2 Prince of Wales Primary School

Complete the accommodation requirements of the school's permanent expansion from 2 FE to 3 FE – extra space required by September 2016. Design is complete but on-site conditions and the appropriate procurement approach are being assessed further.

3.4 Phase two schemes that are either being delivered or subject to feasibility work are:

3.4.1 Secondary Tuition Centre

Secondary School Tuition Centre (Pupil Referral Unit) – New build modular accommodation to provide a consolidation, replacement Pupil Referral Unit that will have 150 pupils on the roll and can accommodate 100 at any one time on a new site in Bullsmoor Lane.

3.4.2 Garfield rebuild and expansion

A full school rebuild and re-configuration of the site that includes a 1FE expansion and provision of sports facilities that can be shared with the community.

3.4.3 Grange Park

Provide additional accommodation to complete the permanent 1FE expansion.

3.4.4 Bowes Edmonton

Provide additional accommodation to support permanent 1FE capacity.

3.4.5 A school expansion at Grovelands

A proposal to provide additional 2FE accommodation in new buildings.

3.4.6 A partner school at Broomfield Secondary

Provide additional 1FE or 2FE accommodation as a pre-cursor to permanent capacity being made available through other expansion schemes.

3.4.7 Provision for the North Central area

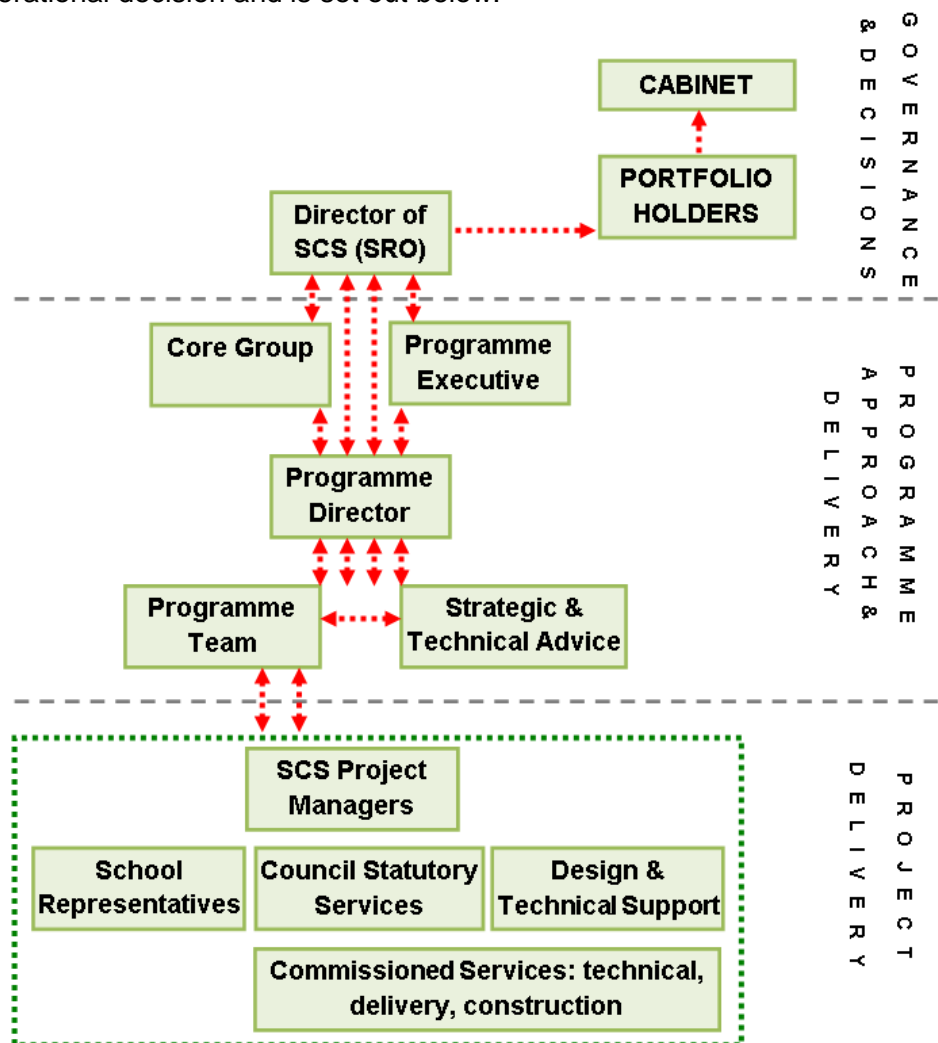
Feasibility for extra Primary provision is being investigated at:

- Chace Community (to create an all-age school with 2FE Primary intake);
- Chase Side (a 1FE expansion); and
- St John's Primary (a 0.5FE expansion).

3.5 The management information currently available points to the need for some extra places in the North Central area to maintain an element of parental choice from September 2015. If there are feasibility or cost issues with any of the above three options being investigated then alternative options will need to be generated.

Programme and Project Structure for the PEP

3.6 The programme structure for phase two has been established through an operational decision and is set out below.



3.7 The new area-based Cabinet Associates will be involved through stakeholder and communication activity where there is a proposed expansion scheme in the area they cover.

Procurement for the PEP

3.8 The procurement approach for the programme was agreed by Strategic Procurement Board in November 2013.

3.9 In November 2013, Council's Strategic Procurement Board (SPB) agreed that construction procurement for phase two would be via the Framework route from the current shortlist of:

- Crown Commercial Service (formerly Government Procurement Service) -
- Improvement and Efficiency Social Enterprise (IESE)
- London Housing Consortium (LHC)
- SMART East
- Scape

3.10 In December 2013, SPB approved the use of Exor Framework for the procurement of external technical and professional services. SPB of December 2013 also approved the Longer Term Strategy that bespoke EU compliant framework agreements are

procured to provide construction related professional services to augment CMCT to support delivery of PEP2 projects.

- 3.11 SPB has subsequently approved a transition from Exor to Construction Line in April 2014 and the use of this Framework will apply to PEP2 procurement of works and services.
- 3.12 As prices have significantly increased, and due to the increase in demand, in the construction sector it means the larger companies are stating that they do not have the capacity to deliver, therefore the approach to procurement will be kept under review. This would be routed back through Strategic Procurement Board for agreement.
- 3.13 The approach to procurement reflects Council's commitment to positively supporting the local economy through its sustainable procurement policy. Procurement activity will require contractors, where relevant and proportionate to the contract, to consider the use of apprentices, local supply chains, and local labour. This is implemented through use of the Community Benefit toolkit at the Invitation to Tender stage, the impact of which is reported back to SPB throughout each year.

Generating cost estimates for PEP projects and the programme

- 3.14 It has been widely reported in the sector press that the construction sector has not only recovered since the economic downturn but has now in fact overheated. This has primarily been driven by the imbalance in the supply and demand in the housing market being exposed by the increase in demand in the last two years.
- 3.15 The situation is particularly acute in London where there is higher developer viability but also in the education construction sector due to the continuing demand for construction works to support higher demand for school places. Again this is doubly the case in London.
- 3.16 Since the school expansion programme, and projects within it, were established on the Capital Programme, there has been a significant change in market conditions. The Royal Institute of Chartered Surveyors (RICS) Building Cost Information Service (BCIS) Tender Price Index and Outer London location factor used by the Corporate Maintenance and Construction Team has increased by 12.2% and 5.7% respectively, which when compounded gives an increase of 18.6%. BCIS base their figures on returns from the market and therefore lag behind real market conditions. Despite a rigorous tender process through established frameworks, this lag has been highlighted by a recent procurement for a modular building package where the average tender return was 26% higher, on a like for like basis, than the allowance for the project in the school expansion programme.
- 3.17 On that basis it is proposed that the cost estimates generated for last year's report are updated to reflect market conditions by 26%. Whilst all efforts will be made to produce the most cost-efficient design a balance needs to be sought between cost and quality. Additionally the most straightforward school expansions have already been identified and delivered. All the current projects in feasibility are more challenging due to site conditions or site context. Factors such as site size, or condition, and the context of as the surrounding environment, be it natural or urban, generally require design and construction solutions that are more costly. Many Councils are facing this problem and senior managers will continue to lobby the Education Funding Agency and the Department for Education on their unrealistic funding allocations for school place provision made through Basic Need.
- 3.18 It should be noted that that any cost estimates generated for projects at an early stage will always be subject to finalisation of requirements then the subsequent

market testing. This may result in having to establish a budget for the construction works that requires adjustment to the Capital Programme, which will be managed through the quarterly Capital Monitor process.

4. Confirming the need for the School Expansion Programme to deliver extra places between September 2014 and September 2018

The need for Primary School pupil places

- 4.1 The assessment of need for the next four years is based on the Greater London Authority (GLA) school roll projections. The recommendations on reducing the number of school place planning areas and establishing an allowance to cover changes in the statistics from last year's independent review of pupil place projections by OpenBox Consulting have been accepted. The boundaries of the school place planning areas will be reviewed during the year to ensure they balance the statistical areas used to produce the projections and the reality of travel flows to schools.
- 4.2 The GLA school roll projections are increased by 5% for Primary and 3% for Secondary to allow for fluctuations in population projections. These increases have been validated by the Department for Education through the annual statutory returns via the School Capacity Collection to the Education Funding Agency. The basis for this increase is that the Primary school roll projections can change for any given year between each annual GLA statistical release. The range is from 1% to 2% at borough level, which is relatively stable, but for the place planning areas that change can be up to 10% in either direction for any given year.
- 4.3 Additionally, Department for Education Guidance published in September 2010 recommends a minimum provision of 5% surplus of Primary school places to allow for parental choice. Previous guidance suggested a range of between 5% and 10% surplus whilst the Audit Commission recommended a 10% surplus to achieve the best balance between use of resources and supporting parental choice. In May 2012 the average surplus of Primary provision was 10% nationally¹.
- 4.4 In recognition of the Council's aspiration to provide an element of parental choice in school places, programme delivery aspires to provide a surplus of up to 5% of places in each pupil place area for both Primary and Secondary. Surpluses significantly more than 10% in an area should be avoided where possible as this could lead to over provision and negatively impact on the use of resources.
- 4.5 The April 2014 GLA School Roll Projections amend the 2013 release and create the following picture of demand over the period up to 2018:
- Demand has not emerged as expected in the short term, including for September 2014, but is due to increase rapidly from 2017.
 - The South West area of the borough remains the area in most need of extra places but there is less immediate pressure for September 2014.
 - The North Central (broadly Enfield Town and Bush Hill Park) area also continues to need extra places but the immediate pressure for the short-term is less than previously projected.
 - For other areas there is now extra capacity to support more parental choice and movements across planning areas. Extra capacity will be required from September 2017 or 2018 to maintain some degree of choice across each area.
 - The numbers of in-year admission has been increasing in recent year, no doubt reflecting the change in migration patterns across London. This impact on

¹ National Audit Office, Capital Funding for New School Places, published March 2013

demand outside the standard assessment of the projection reception age children.

- For September 2014 provision, existing and planned capacity meets demand on a borough basis² and for each of the six pupil place planning areas including allowances for recent school expansions that service more than one area³.
- At the borough level surplus places, or spare capacity ranges between 2% and 4% up to 2018 which is acceptable. However surpluses vary across areas ranging from low levels of 1% to 8% in any given year. However, increasing demand across all areas, apart from Hadley Wood, erodes all surpluses by 2018.

4.6 It should be noted that there are two factors that the GLA school roll projections do not take account of:

- Significant housing developments which will have a direct impact on the demand for school places locally. Housing development data is used to allocate population across geographic areas. Therefore the pipeline of significant housing developments will need to be monitored separately and any extra provision planned for as individual developments come forward.
- Cross-borough movements of pupils. The numbers of children that go to school in other boroughs fluctuates annually but in recent years there has been increase in the net outflow of reception age pupils. This needs to be monitored and addressed and there is a separate activity to make residents more aware of the success of local schools.

4.7 The number of in-year admissions, particularly at Primary school age, has been rising in recent years. Information for the Council's Admissions Services is that the Borough now experiences high demand for primary school places from parents who are new to the area. There is particular pressure on Year 1 and Year 2. The situation is monitored regularly at a senior level and options are being explored to provide additional classes within Key Stage 1 if they are required.

² Based on the GLA school roll projections which cannot take account of cross-borough application and movements.

³ Applies to Edmonton County (Little Bury St) and Worcesters where extra capacity provided through recent school expansion serves more than one pupil place planning area. This is partly due to each of these schools being on the border of two pupil place planning areas.

4.8 The table below outlines the need for Primary School places for September 2015 and beyond. It should be noted that in all Primary school expansions the reception class is required initially, followed by extra classes for school years one to six to accommodate the increased number of pupils as they move up each year. Following a school expansion decision it takes seven years for the school to reach full capacity.

Enfield Primary Areas	Recent delivery to meet demand for Sept 2014	Delivery required to meet demand for Sept 2015	Delivery required to meet demand beyond Sept 2015
North East Enfield	ARK John Keats provided one extra class (30 extra places). Area surplus capacity is expected to be around 1% which is low and reduces parental choice	One extra form of entry is required to meet demand and is expected to create surplus capacity of 4% to support parental choice	Extra capacity required from 2019 as the surplus capacity is expected to drop to 2.6%. Subject to annual review of GLA projections
South East Enfield	Bowes Edmonton will provide one extra class (30 places) to meet demand. Area surplus capacity is expected to be 2%.	None required to meet demand. Surplus capacity is expected to be around 3% to support parental choice.	One extra form of entry is required from 2016 then another by 2017 to meet demand. Surplus capacity is expected to drop to 1% by 2018 requiring a further form of entry. Subject to annual review of GLA projections
North Central Enfield	George Spicer completed to allow one extra class, in addition to the one extra class in Sept 2013 (30 extra places). Area surplus capacity is expected to be 3%	One form of entry is required to maintain an element of surplus capacity to support parental choice which is expected to be 4%.	Extra capacity required from 2018 where the surplus capacity is expected to drop to 3%. Subject to annual review of GLA projections
South West Enfield	Edmonton County will provide one extra class (30 places) in addition to the one class in Jan 2014. A partner school located at Broomfield secondary will provide one extra class (30 places). Area surplus capacity is expected to be around 6%.	No extra capacity required if partner school continues to provide one form of entry. Surplus capacity is expected to be around 3% to support parental choice.	Two permanent extra forms of entry required from 2016 ⁴ where the surplus capacity is expected to drop to 2%. Surplus capacity is expected to drop to 0% by 2018 requiring a further two forms of entry. Subject to annual review of GLA projections
West Central Enfield	No extra classes required but Wolfson Hillel (a faith based school) delivered an extra 15 places. Area surplus capacity is expected to be 4%	None required to meet demand. Surplus capacity is expected to be around 3% to support parental choice.	Extra capacity required from 2019 where the surplus capacity is expected to drop to less than 1%. Subject to annual review of GLA projections
Hadley Wood	No extra capacity required	No extra capacity required	No extra capacity required

⁴ Permanent provision required to replace partner school delivered in Sept 2014

Meeting the demand for Primary School Reception Classes and Places from September 2015

4.9 The list of options for provision of extra Primary capacity was generated for last year's Cabinet report and the establishment of phase two of the School Expansion Programme. The current position on those options in terms of the required timescale for provision is summarised in the table below. Requirements are to meet demand and to create a degree for surplus capacity to support parental choice.

Primary Area	Schools/sites	Comments (need)	Comments (delivery)
North East Enfield	A primary school expansion (+1FE at Oasis Hadley)	Required from 2015	Subject to planning, procurement and delivery. Secondary space can be used for the short-term if necessary. No contingency required.
South East Enfield	A new free school (+ 1FE in new 2FE school at Meridian Water)	Required from 2016	Subject to consultation, feasibility and funding – would not be Council funded. May need to investigate option of providing a 3FE school on this site if other options to meet demand from 2017 and 2018 cannot be sourced
	A potential primary school expansion (+1FE)	Required from 2017	Options to be investigated and developed for 2017 and 2018 following a review of the pupil flows to Oasis Hadley, which is in another place planning area but in close proximity to the border
North Central Enfield	A potential primary school expansion (+1FE at Chase Side)	An option to meet demand from 2017	Further options to be investigated in relation to securing required extra land. Subject to consultation, feasibility and funding.
	A potential primary school expansion (+0.5FE at St John's)	An option to help meet demand from 2017	Subject to feasibility, consultation and availability of funding
	A potential expansion to create an all-age school (+2FE at Chace Community)	An option to meet demand from 2017	Subject to feasibility, consultation and availability of funding
	Potential temporary provision or partner school as a pre-cursor to permanent provision	An option to meet demand from 2015	A contingency option to be developed to allow the above schemes to be investigated and delivered.
	A potential expansion of an academy to become an all-age school (+2FE at Kingsmead)	An option to help meet demand from 2016 or later	Information from school consultation. Subject to a successful application to the Department for Education, then feasibility, planning and availability of funding – would not be Council funded
South West Enfield	A partner school expansion (+1 FE)	Required from 2014	Managed by Bowes Learning Alliance on the Broomfield Secondary school site. Required until permanent provision secured
	A potential primary school expansion (+2 FE at Grovelands)	Required from 2016	This could include the +1FE from the partner school above. Subject to feasibility, consultation and availability of funding

Primary Area	Schools/sites	Comments (need)	Comments (delivery)
	A potential expansion to create an all-age school (+2FE at Broomfield)	An option to meet demand from 2018	A longer term option and subject to further discussion with the school, consultation, feasibility and funding.
	A primary school expansion (+1FE)	An option to meet demand from 2018	A longer term option that is being investigated, which has been carried forward from phase one and will be subject to further consultation, feasibility and funding.
	A potential expansion of an academy to become an all-age school (+2FE at Ashmole in Barnet)	An option to help meet demand from 2015	Ashmole Academy is proposing an expansion and its proximity to the Enfield border is such that it could make a noticeable contribution to meeting borough demand if the Head Teacher's suggestion that the catchment area may cover some of Enfield is implemented. Subject to then feasibility, planning and availability of funding
West Central Enfield	No extra reception capacity required until 2019		Options to be investigated and developed.
Hadley Wood	No extra reception capacity needed		Options not required.

- 4.10 As a result of the increase in in-year admissions, there may be a need to provide extra year one or year two classes from September 2014 or at any point through the academic year. The situation is monitored and assessed by the Council's Admissions Service and contingency plans will be implemented if the need for extra places warrants intervention.

Proposal for the provision of extra primary school places to meet projected demand

4.11 Across the borough, the demand and supply of Primary school places can be summarised as follows:

Primary Provision	2015	2016	2017	2018	TOTAL (FE)	TOTAL (places)
Projected Demand	+2FE	+3FE	+1FE	+3FE	+9FE	+1,890
Free/Academy school supply	+1FE	+1FE ⁵	0	0	+2FE	+420
Requirement for Council funded supply	+1FE	+2FE ⁶	+1FE	+3FE	+7FE	+1,470

4.12 Overall the demand for places is the same as projected last year but the requirement for Council funded provision is 1FE or 210 places lower on account of the changes provision from academies and free schools, and lower demand than expected, in the North East area. The proposed project at Brimsdown has subsequently been removed from the programme.

4.13 The current delivery activity to increase the supply of placed through the second phase of the School Expansion Programme can be summarised as:

- Deliver one extra form of entry by September 2014 in the South West of the Borough – this will be a partner school in advance of permanent provision;
- Investigate options and deliver an extra two forms of entry by September 2016 in the South West area of the Borough – this is subject to feasibility, planning, funding and annual review of population projections;
- Investigate options and deliver an extra two forms of entry by September 2018 in the South West area of the Borough – this is subject to feasibility, planning, funding and annual review of population projections;
- Investigate and deliver options to deliver an extra one form of entry by September 2015 in the North Central area of the Borough – this is subject to feasibility, planning and funding: temporary provision may be required if current options are not feasible for delivery;
- Investigate and deliver options to deliver an extra one form of entry by September 2017 and another one by September 2018 in the South East area of the Borough – this is subject to feasibility, planning and funding and annual review of population projections; and
- Monitor the progress of Free/Academy Schools that are seeking to provide places that affect provision in the Borough, particularly:
 - Oasis Hadley – due to deliver +1FE in the NE area from Sept 2015;
 - Meridian Water – due to deliver +2FE in the SE area from Sept 2016 (with 1FE transferring from current provision at Dyson's Road);
 - Kingsmead – if accepted by the EFA could deliver +2FE in the North Central area
 - Ashmole – if there is an Enfield specific element to the catchment area then it could deliver +1FE for Enfield children in the South West area; and

⁵ This will be one extra form but in a new two form of entry school taking one from existing provision at Dysons Road

⁶ Funding for permanent provision to replace partner school delivered in Sept 2014

- St Mary's in Broxbourne – this could potentially attract parents from the North East of the borough and perhaps the North Central area but access is not easy. The impact is expected to be minimal but it should be monitored.

The need for Secondary School places

- 4.14 The assessment of need for the next four years is based on the Greater London Authority (GLA) school roll projections. The independent review by OpenBox proposed three pupil place planning areas for Secondary provision whilst the Council currently has four in place for the GLA projections. However, two important factors point to the need to actually consider Secondary school place planning at a borough level. These factors are:
- Half of the Borough's Secondary schools are in close proximity to at least one of the Secondary place planning boundaries; and
 - Secondary age children are likely to travel further to a school of their choice.
- 4.15 The GLA school roll projections for Secondary are increased by 3% to allow for fluctuations in population projections. These increases have been validated by the Department for Education through there is in the annual statutory returns via the School Capacity Collection to the Education Funding Agency. It should be noted that the Secondary roll projections have fluctuated much more in the last release, up to 12% for some years at borough level, with the south of the borough seeing larger differences of up to 17%.
- 4.16 The Department for Education and Audit Commission guidance is the same for Secondary as it is for Primary so there is an aspiration to provide a surplus of up to 5% across the borough to allow for parental choice.
- 4.17 The April 2014 GLA School Roll Projections amend the 2013 release and create the following picture of demand over the period up to 2018:
- On a borough-wide basis there is spare capacity until 2017 but from September 2018 extra places are likely to be required. This will need to be monitored annually.
 - Demand in 2014 is an anomaly as it both lower than previously estimated and lower than 2013. By September 2015 it will have returned to higher than 2013 levels and will be on an increasing trend line.
 - Surplus capacity is high in 2015, due to the drop in demand, and will have been completely eroded by 2018 where there will be a shortage of places.
 - There is more spare capacity in the East of the borough due to the recent provision from academies and free schools. However, the area is well served by bus routes allowing easy access from other areas of the borough.
- 4.18 It should be noted that there are two factors that the GLA school roll projections do not take account of:
- The GLA projections do not include an allowance for significant housing developments which will have a direct impact on the demand for school places locally. Housing development data is used to allocate population across geographic areas. Therefore the pipeline of significant housing developments will need to be monitored and any extra provision planned for as individual developments come forward.
 - Cross-borough movements of pupils. The numbers of children that go to school in other boroughs fluctuates annually and is generally higher at Secondary age due to pupils travelling further to school. However, in recent years there has been increase in the net outflow of Year 7 age pupils. This needs to be monitored and

addressed and there is a separate activity to make residents more aware of the success of local schools

Meeting the demand for Secondary School Year 7 Classes and Places from September 2015

- 4.19 Plans already in place for ARK John Keats have ensured delivery of an extra six forms of Year 7 classes (180 places) for September 2014. Additionally Heron Hall academy is expected to increase its provision from three forms (90 places) of Year 7 classes to eight forms over the coming years, subject to feasibility and planning consent. The current assumption is that eight forms of year 7 classes will be available from September 2016.
- 4.20 Due to the change in projected demand for 2014 there is expected to be surplus capacity of around 15% for one year only. However that surplus falls significantly from 2015 onwards.
- 4.21 With the provision of extra capacity at ARK John Keats and Heron Hall there will be sufficient Secondary capacity until September 2017 when the surplus will have fallen to 4% and will be beginning to limit parental choice. Ideally extra Secondary provision should be made available from September 2017 but will definitely be required from September 2018.
- 4.22 Currently ARK North Enfield has been confirmed by the Department for Education as a new school and the Education Funding Agency are in the process of planning delivery of the buildings required for proposed six form entry school in the East of the borough. The extra capacity from this school should ideally be delivered by September 2018 to help meet borough demand.

Proposal for the provision of extra secondary school places to meet projected demand

- 4.23 It is proposed that for the provision of extra Secondary Year 7 places the Local Authority:
- Continues to monitor the progress of Free/ Academy Schools that are seeking to provide places in the Borough, particularly:
 - Heron Hall academy which is due to provide an extra five forms of entry (on top of the current three) in the East of the borough from September 2016 in the East of the borough; and
 - ARK North Enfield which is due to provide an extra six forms of entry in the East of the borough. Ideally provision should commence in September 2018 and scale up in subsequent years.
 - Continues to annually review the Secondary school pupil place projections alongside Free / Academy school applications then updates the strategy for providing places accordingly.

Special school places

- 4.24 The Council is currently working with practitioners to update the Special Educational Needs (SEN) Strategy to account for the increase in demand for provision and the appropriate approach to address to different categories of need. There have been a number of discussions with practitioners about demand, one example being the Schools Forum in December 2013 where it was agreed that extra provision to support autistic children was required.
- 4.25 Whilst numerically the overall number of school-age pupils with a SEN is broadly the same as in 2010 there has been a disproportionate and significant increases in some of the categories where specialist provision outside of maintained schools is the appropriate delivery solution. Primarily this is Autistic Spectrum Disorder and Severe

and Complex Learning Difficulty, where there is now a pressing need to increase capacity.

4.26 Some of the key demand factors are:

- The numbers of pupils with high level autism needs and Severe Learning Difficulty has risen disproportionately. Between 2010 and 2014 the proportion of SEN in these categories rose by 36% and 43% respectively.
- The numbers of Additionally Resourced Provision (ARP) in mainstream have increased. These take children who would have gone to special schools in the past.
- There is an increase in demand for special school places particularly as pupils move from primary to secondary mainstream provision.
- It has become apparent that a number of Reception age to Year Two pupils have need that far exceeds the support that can be provided in a mainstream setting, this has created a lower picture of demand and the impact will need to be assessed.
- There is a worrying rise in young teenagers/adults, including those with SEND, who have been in mainstream and who are struggling with increasing levels of mental health/emotional difficulties as the numbers move through from primary schools.
- Where the LA cannot meet the demand for special school places parents are requesting out of borough provision and applying to the SEND tribunal if refused. Where out-of-borough provision for autism has to be utilised then significant costs per pupil are incurred at between £50k to £80k (day provision) depending on the level of need and institution. This excludes the cost of transport which raises the overall cost significantly.

4.27 On the supply side whilst the Council has increased special school places over recent years and they are now at capacity and cannot fully address demand for Enfield children. Whilst there was a successful growth bid in 2013/14 for extra special school places more needs to be done to increase capacity to address the main demand factors listed above. Three out of the six special schools have been asked to take temporary/ bulge classes for September 2014 and in addition to the temporary classes the LA is having to request for between 5-10 additional specialist out of borough place for September 2014.

4.28 With existing capacity that has been increased on a temporary basis already stretched it is now time to develop permanent extra capacity of Special Educational Needs provision. Options are being developed to achieve that which includes any land acquisitions or capital building works required alongside service changes and revenue implications. These will be brought forward in separate reports to secure agreement to the approach and funding, including where necessary inclusion of projects on the Capital Programme. Any capital build projects will be managed through the school expansion programme structures and governance.

Pupil Referral Unit places

4.29 Recent legislation (April 2013) requires that all Pupil Referral Units are managed and funded in the same way as maintained schools. As part of the implementation of this change in legislation the Council has confirmed the need to increase places and this will be achieved through relocation and expansion of provision at the new Enfield Secondary Tuition Centre.

4.30 The demand for PRU places will continue to be monitored and any requirements for extra provision will be the subject of further reports.

Programme and project management

- 4.31 The programme and project management arrangements from phase one were modified as part of last years' report that established phase two of the programme. A programme document has been put in place that established:
- The governance structure and strategic decision-making protocols;
 - Delivery governance, structures and key delivery roles;
 - A consistent approach to delivery activity for phase two projects that is aligned to industry standards, corporate ways of working and corporate systems;
 - Information requirements to support decision-making and consistent reporting; and
 - Mechanisms to manage the flow of accessible accurate information for each project and the programme overall to internal and external stakeholders.
- 4.32 Those arrangements are being implemented in parallel with the modernization agenda and the leaner programme. During this period of wider Council transformation the risk that programme operations could be hindered by changes to systems or staff unfamiliarity with systems is being managed through regular meetings with staff working in the Transformation and Leaner Teams.

Stakeholder engagement

- 4.33 Alongside the programme management arrangements a Stakeholder Engagement Strategy has been put in place for the programme. This is to ensure that the pro-active approach to consultation and communications is maintained. The programme objectives for stakeholder engagement are:
- To Achieve wider Council commitments about communication and consultation;
 - Stakeholders are identified, appropriately informed and consulted in the right way at the right time;
 - Communication and engagement to stakeholders is pro-active and clear to ensure there is clarity amongst stakeholders about the Council's plans; and
 - Opportunities for dialogue are provided to ensure that stakeholders understand how and when they can contribute their views;

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Enfield Council has a statutory responsibility to provide the necessary school places. The School Expansion Programme creates a mechanism to assist with the delivery of extra capacity required. Failure to provide enough school places is not an option.
- 5.2 The following proposals have been considered but rejected:
- Increasing class sizes to over 30 pupils. Current legislation stipulates that Key Stage One classes cannot exceed 30 pupils with only one qualified teacher. This does not apply to Key Stage two. However, school accommodation does not normally allow for more than 30 pupils in one class base.
 - The use of community halls as emergency class bases. This option has been explored with a number of head teachers in relation to the development of the Partner School initiative. However, the revised strategy seeks to deliver a programme of permanent expansions.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The Council has an overriding statutory duty to provide sufficient pupil places to meet anticipated demand. This report sets out the proposed strategy and delivery arrangements to oversee delivery arrangements for schools with funding secured for expansion, to further develop options for expansion by conducting feasibility studies and consultation with the schools identified and to secure funding through opportunities that become available.
- 6.2 This strategy and delivery arrangements will deliver the additional reception places required in the areas of highest demand up to 2018. The expanded capacity aims to provide a higher level of flexibility built in to counter sudden increases in demand.

7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

7.1 Financial Implications

- 7.1.1 The previously approved 2013/14 to 2016/17 capital programme as reported in March for the Q3 monitor included a total of £63.4m for the phase two programme, including the Secondary Tuition Centre. The new 2014/15 to 2017/18 capital programme approved by cabinet as part of the budget report in February 2014 also included a provision of £8.7m in 2017/18 for future provision from Basic Need grant that has not been allocated to specific schemes. This brings the revised budget to a total of £72.1m which is profiled below, takes account of slippage in spend which will be reported with the 2014/15 Q1 monitor.
- 7.1.2 The re-phased programme, including the proposed 26% uplift, totals £64.9m and can be met within the existing programme budget, both for the existing year and for the overall programme. This is achieved partly due to the removal of Brimsdown school from the programme as described in para 4.11. The slippage of the programme into 2017/18 also means that the provision of £8.7m that had been allocated in that year against possible future provision has now been allocated against the PEP 2 programme. The phasing of the revised programme and the latest approved programme are set out below.

	2013/14 000s	2014/15 000s	2015/16 000s	2016/17 000s	2017/18 000s	TOTAL 000s
Approved allowance on Capital Programme (Feb 2014)	£1,372	£18,298	£15,406	£28,333	£8,700	£72,109
Re-profiled allowance Capital Programme	£1,372	£15,254	£16,958	£20,901	£10,402	£64,887

- 7.1.3 The revised forecasts include an uplift of 26% recommended as a representation of market conditions and the construction sector indices. However this is indicative and as each project is developed through the stages of feasibility, planning and delivery value for money tests will be applied. As design and procurement progresses individual project budgets

and funding will be established and subject to further agreement. At that stage, relevant comparisons with industry benchmarks will be made.

- 7.1.4 The availability of funding for the programme will depend upon future allocation of government grants such as Basic Need Grant. If such grant funding is not forthcoming, decisions on individual schemes will need to be taken in the context of affordability, taking account of the impact that prudential borrowing would have on revenue budgets. For every £1 million of borrowing, an additional pressure of £85k will need to be added to the annual revenue budget. The programme is partly funded from Targeted Basic Needs grant and expenditure is being closely monitored to ensure that grant conditions will be met to avoid any clawback of funding. Where there are other relevant opportunities in the future to bid for capital funding then these will be taken to contribute to the programme budget and minimise prudential borrowing.
- 7.1.5 In respect of proposals around the provision of surplus places as set out in this report the risk that this could pose to schools revenue budgets should be noted. This could arise if a school has an excessive number of surplus places as schools are funded on pupil numbers and not on places provided. Where a large number of empty places occur the school will lose funding which could compromise their ability to set a balanced budget.
- 7.1.6 Project costs and budgets will be managed through the programme structure under the Director of Schools and Children's Services with decision-making linked to the quarterly Capital Monitor process.

7.2 Legal Implications

- 7.2.1 Section 14 of the Education Act 1996 requires that an authority ensures that sufficient school places are available within its area for children of compulsory school age. Case law upon this statutory duty confirms that compliance with the duty requires an education authority to actively plan to remedy any shortfall. Section 111 of the Local Government Act 1972, includes the power to do anything ancillary to, incidental to or conducive to the discharge of any of its statutory functions. The recommendations within this report are in accordance with these powers.
- 7.2.2 Each school expansion will be subject to the statutory consultation process prescribed by Section 19 of the Education and Inspections Act 2006, The School Organisation and Governance (Amendment)(England) Regulations 2009, and the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 . There is also statutory and non-statutory guidance (School Organisation – Maintained Schools) issued by The Department for Education in January 2014. The decision on each statutory expansion will be made by the Cabinet Member for Children and Young People.
- 7.2.3 Where Planning Permission is required in respect of any school expansion that proceeds beyond feasibility considerations and initial consultation with schools such will be accordance with the Town and Country Planning Act 1990 (as amended). This will require statutory and public consultation. Pursuant to the Council's constitution such will be required to be considered at planning committee. Works should not commence until such time as approval is given and any pre-commencement conditions (if required) by the planning permissions are discharged.
- 7.2.4 All procurements of goods/services/works will be in accordance with the Councils Constitution, in particular Contract Procedure Rules ("CPRs"). In

particular, the Council is able to utilise a range of EU compliant frameworks to engage the services of construction contractors or technical support staff such as architects or quantity surveyors in full compliance with the CPRs. Any use of a framework must be in accordance with the framework terms.

- 7.2.5 All legal agreements will need to be in a form approved by the Assistant Director of Legal Services.
- 7.2.6 Any acquisition or disposal of land will need to be in accordance with the Council's Property Procedure Rules.

7.3 Property Implications

- 7.3.1 The Strategy set out in this report will provide additional primary places in local areas of need.
- 7.3.2 Where there is a requirement for expansion, existing Council assets will be reviewed in the first instance. Where an acquisition may present itself, in order assist in the School Expansion Programme, these opportunities will be need to be assessed in more detail with feasibility and due diligence studies.
- 7.3.3 Stamp Duty Land Tax (SDLT), transactional costs (legal, surveyors and disbursements), potential VAT, holding costs including security and vacant premises rates will need to be considered when acquiring a property and a suitable strategy will need to be enabled to limit the Council's exposure to these cost items
- 7.3.4 The site values will depend upon the prevailing market conditions at the time, and external valuations may be required to support the acquisition of land.
- 7.3.5 The land acquisition strategy will be challenging. Several internal and external approvals will be required and the Council will need to ensure appropriate consents are obtained or in place.
- 7.3.6 If existing Council assets are to be brought in to assemble land for an expansion then Appropriation to the correct holding department will be required. If Appropriation from the Housing Revenue Account to the General Fund is required then all transactions will be undertaken at current existing use value.
- 7.3.7 Initial consultations regarding acquisitions should require the Assistant Director of Strategic Property Services to be either present or informed.
- 7.3.8 Relevant stakeholder consultation will be required from the outset to support either acquisition or disposal of land and gaining planning permissions. Depending on the site and land-use designation, consultees could include English Heritage, the Greater London Authority (GLA), Sports England and the appropriate Secretary of State.
- 7.3.9 The use of modular construction will assist with speeding up the construction process, but requires significant investment upfront in the design process. Additionally it has the potential to lower costs as compared with the traditional build routes but this requires assessment given recent market conditions and tender returns on modular packages. Modular construction also significantly improves a buildings environmental performance and overall sustainability.
- 7.3.10 To meet statutory requirements it is vital to ensure that the Council's financial accounts do not include buildings (or parts of buildings) that have been demolished. To ensure we have high quality records and meet our

statutory obligations Education Asset Managers will complete a demolition notification form and return to Property Services.

- 7.3.11 An inventory list of any material procured and produced will need to be kept. In the event of failure, appropriate arrangements will need to be made for these supplies to be retained and secured for the Council until a decision is made on how best to dispose of them.
- 7.3.12 Property Services will need to be aware and sent the new data being generated for the expansion of these schools. These include floor plans with room data for the purposes of the Asset Management System, Atrium.
- 7.3.13 Property Services is involved in the programme management structure and is able to advise on acquisition, disposal and other land development issues.
- 7.3.14 Once planning permission is gained Building Regulations will need to be adhered to as part of the enabling and construction works.

8. KEY RISKS

Additional capacity and contingency

- 8.1 The revised Provision of Primary Places Strategy has been revised by this report to set out the arrangements to commence delivery of a further 1,680 primary school places in the 2013/14 to 2017/18 period. This is in response to the recent review of pupil number projections. The next set of pupil number projections will be available in Spring 2014 and will be reviewed to inform the annual update to the strategy for providing school places. Our aim is to improve parental choice, and minimises the risk of providing insufficient pupil places.
- 8.2 There is a risk that if popular and successful Enfield schools near the borders of neighbouring boroughs are expanded then this could encourage an influx of pupils from those boroughs if they have not been successful in expanding their own provision.
- 8.3 Actual pupil numbers will be carefully monitored against projections, to ensure that the Council strives to provide places in the actual areas of demand (i.e. local places for local children). Officers will also continue to engage in regional and bilateral discussions about the provision of places to assess provision in other Boroughs.

Concerns about school expansions

- 8.4 Experience to date suggests that the three most significant factors likely to cause concern to some stakeholders are car parking, increased traffic flows and the exterior treatments of outward facing structures. The programme and project team members will work closely with schools and Governing Bodies to ensure that designs are of high quality and that issues of concern are addressed in the design proposals, including traffic management once technical information is available.
- 8.5 Both the informal and statutory rounds of consultation will be managed in a way that makes them accessible to stakeholders, including residents, to maximise opportunities for input.

Basic Need Funding

- 8.6 The annual submission to the Department for Education (DfE) is based on identifying existing capacity in the system. Thus, close monitoring of pupil numbers and a review of projections will ensure that the Council is best placed to maximise any Basic Need Funding for the provision of school places.

Delivery Timescales

- 8.7 Each school year the Council will have to fulfil its statutory duty to provide sufficient school places. Programme and project milestones will be clearly identified and progress monitored closely by the Programme Executive and Board which is made up of stakeholders, Cabinet Members, Headteachers, Governors and Council officers at the most senior level.

Planning Consent

- 8.8 Each school expansion will require planning consent. During the initial design and pre-planning processes, architects will carefully follow pre-application advice that has been provided, so that designs presented to the Planning Committee will be of a high quality and best placed for approval. However, there is clearly a risk at this stage. Some flexibility regarding pupil numbers will be provided within the programme to ensure that the Council meets its statutory duty to provide sufficient school places.

Costs

- 8.9 The estimated cost of expansion as outlined in the body of the report could well place additional strain on the Council's finances. If Government grant funding is not forthcoming then prudential borrowing might have to be a route to funding school expansion but this would have a significant impact on revenue budgets. For every £1 million of borrowing, an additional pressure of £85k will need to be added to the annual revenue budget.
- 8.10 The overall programme cost and the amount included on the Capital Programme will be reviewed as part of an annual programme review in April that will consider the updated statistics on pupil places; levels of school provision, particularly planned Academy or Free School provision; construction market inflation and the progress of individual projects.
- 8.11 Costs for each established project will be managed through the project and programme management governance arrangements already put in place and be subject to the Council's usual due diligence and value for money tests. Changes in estimated costs, established budgets and the spend profile will be managed through the Capital Programme via the quarterly Capital Monitor updates.
- 8.12 Wider economic and market conditions are likely to be a major factor in terms of contract costs. As previously stated, the construction index lags behind real market conditions suggesting it will increase again next year. Statutory requirements around the provision of places and guidance around teaching space sizes limit options on reducing the quantity of provision. Reducing the quality of provision will not be able to counter balance a buoyant construction market and in addition to increasing the risk of higher maintenance costs it could have a negative impact on school Head Teachers' and Governors' willingness to support expansions in the first place. Additionally they may even form a negative view of the Council as a stakeholder.

9. IMPACT ON COUNCIL PRIORITIES

Fairness for All

- 9.1 This proposal will result in pupil places being created across the Borough in order to meet demand in the relevant geographical areas which will also create employment opportunities for teaching and support staff. Further improvement and investment in school buildings will provide greater opportunities for enhanced community use.

Growth and Sustainability

- 9.2 By ensuring that places are provided in areas of highest demand, this will ensure that pupil mobility across the Borough is kept to a minimum. This therefore means that increased road travel is minimised and families can be encouraged to walk to school.

Strong Communities

- 9.3 The proposals outlined in this report will provide additional places in parts of the Borough where pressure on local schools is forecast to be greatest. The extra places provided in the neighbourhoods of highest demand will help satisfy demand in these specific areas and will ensure that young children will not have to travel unmanageable distances to and from school.
- 9.4 The proposals in this Strategy will allow the Authority to have greater control over the provision (and potential future reduction) of pupil places, allowing more opportunities to stabilise local communities and ensure that there are local places for local children.

10. EQUALITIES IMPACT IMPLICATIONS

- 10.1 An equality impact assessment was completed for approval of the overall strategy in June 2012. The strategy was developed to ensure that there are sufficient places across the Borough to meet demand, that these places are not discriminatory and to ensure that all children have access to high quality education. The delivery of the strategy is updated annually following a review of pupil place projections. In accordance with the publication of statutory notices, full consultation with residents and parents on each proposed school expansion will be conducted.

11. PERFORMANCE MANAGEMENT IMPLICATIONS

- 11.1 The provision of additional places at the schools identified in this report will enable the Authority to meet its statutory duty to ensure the availability of sufficient pupil places to meet demand. The programme management arrangements are established and this provides the mechanism for both programme and project monitoring to ensure objectives are met.
- 11.2 The strategy presented in this report is consistent with the national agenda for expanding popular and successful schools.

12. HEALTH AND SAFETY IMPLICATIONS

- 12.1 As all of the school expansion projects will involve contractors working on existing school sites, the Council will ensure that contractors provide the highest level of Health and Safety on site and meet Criminal Records Bureau (CRB) requirements.
- 12.2 There are no specific health and safety implications other than the impact of additional traffic, generated by increased numbers at the PEP schools. Working with Highways, funding has been included in the cost summary to allow for traffic mitigation measures on each of the schemes. As part of the planning approvals process, traffic impact assessments have to be submitted for each scheme, and the Planning committee will have to give approval.

13. PUBLIC HEALTH IMPLICATIONS

- 13.1 Providing school places in the areas where there is demand will encourage parents and carers to walk to school. This will impact on the health and well-being of the public in Enfield. Walking to school will encourage healthy lifestyles, and reduce pollution caused by traffic.

MUNICIPAL YEAR 2014/2015 – REPORT NO. 16**MEETING TITLE AND DATE**Cabinet: 23rd July 2014**REPORT OF:****Director of Finance, Resources and Customer Services****AGENDA PART 1****ITEM 7****SUBJECT -****REVENUE OUTTURN 2013/14 AND 2015/16-2018/19 MEDIUM TERM FINANCIAL STRATEGY (MTFS)**Cabinet Member consulted:
Councillor StaffordContacts: Isabel Brittain Tel: 0208 379 4744
Ian Slater Tel: 0208 379 4034**1. EXECUTIVE SUMMARY**

- 1.1 This report sets out the overall Council General Fund and Housing Revenue Account outturn position for 2013/14 and provides an update on the 2015/16 budget including an assessment of the financial outlook as well as the work being undertaken to address the budget gap in 2015/16 and future years.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the General Fund and Housing Revenue Account (HRA) outturn for 2013/14.
- 2.2 Agrees the project carry forwards (PCFs) summarised in paragraph 4.3 and the reserves committed to the Council Transformation Programme (paragraph 4.5) and detailed in the service appendices.
- 2.3 Agrees specific changes to reserves as set out in paragraph 4.6 and detailed in the service appendices.
- 2.4 Notes the latest position regarding the 2015/16 MTFS and budget outlook as reported in Section 6 as well as the approach to be adopted for the budget consultation (paragraph 6.7).

3. INTRODUCTION

- 3.1 This revenue outturn and budget review sets out the financial position of the Council and the arrangements in hand to manage the budget process for 2015/16.

4. GENERAL FUND**2013/14 Revenue Outturn Position**

- 4.1 The final outturn position is set out in Table 1 below. It provides a comparison between the latest budget and final outturn (subject to Cabinet confirming the carry forward of resources for specific projects

and risks in 2014/15. A more detailed analysis and explanation of budget variations is included in the Appendices.

Table 1: Service Departments Revenue Outturn Position 2013/14	Budget £'000	Total Spend	Variance £'000
Chief Executive	3,865	3,837	(28)
Environment	34,314	34,293	(21)
Finance, Resources & Customer Services	44,010	43,948	(62)
Health, Housing & Adult Social Care	99,892	99,786	(106)
Regeneration, Leisure & Culture	9,809	9,810	1
Schools & Children's Services	58,092	58,043	(49)
Service Net Costs	249,982	249,717	(265)
Corporate:	10,670	10,935	265
Net Expenditure	260,652	260,652	0
Revenue Support Grant	(97,387)	(97,387)	0
Business Rates	(65,837)	(65,837)	0
Collection Fund	(1,086)	(1,086)	0
Council Tax	(96,342)	(96,342)	0
General Fund Corporate Financing	(260,652)	(260,652)	0
General Fund Grand Net Total	(0)	0	0

- 4.2 The final outturn position for 2013/14 is one of a level spend. It should be noted that the final approved estimate figures included in Table 1 are controllable departmental budgets excluding central support allocations and capital and asset impairment charges. These figures clearly show the net budget that is directly controlled by Departments and is provided on the same basis as the in-year revenue monitoring reported to Cabinet during 2013/14.

Project Carry Forwards

- 4.3 The outturn includes resources set aside for the completion of 2013/14 projects in 2014/15 supported by the Director of Finance and Customer Services. These Project Carry Forwards (PCF) total £3.7m as follows:

Table 2 : Project Carry Forwards Summary	Appx	Revenue Projects £000's	Grant Funded Projects £000's	Total Projects 2013/14 £000's
Chief Executive	1	177	0	177
Environment	2	589	24	613
Finance, Resources & Customer Services	3	0	0	0
Health, Housing & Adult Social Care	4	0	369	369
Regeneration, Leisure & Culture	5	0	48	48
Schools & Children's Services	6	120	1,908	2,028
Corporate	7	449	0	449
Net Expenditure		1,335	2,349	3,684

- 4.4 Detailed explanations of each item are included in the departmental appendices.

Transformation Reserve

- 4.5 The 2014/15 Medium Term Plan identified a £65m funding gap for General Fund non-school services over the next three years (see Financial Outlook later in this report). The Council has initiated a programme “Enfield 2017” to identify short and medium term savings to bridge the gap along with the service delivery transformation to users required in the longer term. The additional cost of one-off funding for the programme will be transferred to the existing Council Development Reserve and ring-fenced for transformation related costs. The total contribution by services as part of the 2013/14 outturn is £3.28m as set out below and detailed in service outturn appendices.

Table 3 : Council Development Reserve (Transformation)	2013/14 £000's
Chief Executive	0
Environment	200
Finance, Resources & Customer Services	1,862
Health, Housing & Adult Social Care	957
Regeneration, Leisure & Culture	0
Schools & Children's Services	0
Corporate	262
Transfer to reserves	3,281

Other New Specific Reserves

- 4.6 The following contributions to reserves in addition to those in sections 4.3 and 4.5 are set out below for noting and approval.

Table 4 : Other Specific Reserves	2013/14 £000's
Public Health (PH Reserve)	1,234
Ring-fenced funding	
Emergency Support Fund (Welfare Reserve)	800
Support to residents in financial difficulties be continued into later years	
One-off 2013/14 Grant (Risk Reserve)	5,248
One-off benefit from 2013/14 local Government Finance Settlement committed for one off costs relating to Local Plans, Lee Valley Heat Network, Homelessness and support for the local economy	
Transfer to reserves	7,282

Earmarked Reserves

- 4.7 The level of General Fund Earmarked reserves at 31st March 2014 has increased by £2.2m to £68.1m (£65.9m 31st March 2013). The HRA reserves have reduced by £0.2m from £15.4m to £15.2m.
- 4.8 Details of total reserves as at 31st March 2014 are set out in Appendix 8. It should be noted that these reserves are not held in cash form and that there has also been an increase in the Council's net borrowing. The Council's external review of financial resilience stated

that the Council should continue to maintain appropriate levels of reserves and monitor the Council's liquidity to ensure financial resilience is maintained.

The reserve for the Enfield Residents Priority Fund relates to unspent funds earmarked for initiatives that started in 2011/12 which aims to support community engagement between ward Councillors and those who live, work, study, and do business in Enfield. It empowered local people to promote or improve the social, economic or environmental wellbeing of their area by identifying local need and addressing issues through working together with their Ward Councillors. The fund and reserve is managed by the Enfield Residents Priority Fund sub-committee.

Collection Fund

4.9 From 1st April 2013 the new local government finance regime commenced, which part localised business rates. The Collection Fund now covers both council tax and business rates. The Collection Fund recorded the following performance in 2013/14:

- A council tax in year surplus of £2.993m and a surplus balance on the account of £4.065m at 31st March 2014. The surplus is due to better than expected in year collection following the introduction of the local council tax support scheme in 2013/14. The scheme still needs to be in operation for several more years to confirm collection rates will hold up over the longer term.
- A business rate deficit of £3.158m largely due to provision for reductions in back-dated business rate appeals being fully accrued in 2013/14 rather than being spread over five years as originally estimated in accordance with Government allowances.

Enfield's share (% in columns) of the Collection Fund balances is as follows:

Table 5: Enfield Collection Fund Balances	Council Tax (78%)	Business Rates (30%)	Total
	£'000	£'000	£'000
Balance brought forward	(840)	0	(840)
(Surplus)/ Deficit in year	(2,357)	956	(1,401)
Balance carried forward at 31 March 2014	(3,197)	956	(2,241)

General Fund Balance

The level of the General Fund balances at 31 March 2014 was unchanged at £14m. This level of balances excludes the amount attributable to schools' delegated budgets and is in line with the assumptions included in the Budget 2014/15 and Medium Term Financial Plan report considered by Council in February 2014.

4.10 School revenue balances reduced by £2.4m to £13.4m at 31 March 2014. This reflects schools' decisions in the allocation of their

resources. School balances are reported separately to the remainder of the General Fund as they are held for specific school purposes.

5. HOUSING REVENUE ACCOUNT

- 5.1 The outturn position on the HRA was a revenue surplus of £2.933m; a movement of £0.728m from the surplus of £2.205m reported in the February monitor. The table below sets out the reasons for this variance:

Housing Revenue Account Variances 2013-14	£000's
Contribution to bad debt provision	(1,718)
£1.718m underspend on the contribution to the provision for bad debts, this is slightly higher than previously reported in the monitoring reports.	
Landlord electricity costs	(213)
An underspend on the landlord's communal electricity costs due to the milder winter.	
Right to buy administration	(171)
£171k additional income from right to buy administration fee income received from the Government. The estimated number of sales for the year was 85 but there were actually 100 in 13/14.	
Right to buy staffing	(76)
An underspend on right to buy staffing costs.	
Capital financing costs	(132)
Underspend on borrowing and interest costs.	
Insurance premiums	(250)
Underspend on lower than expected insurance premiums.	
Central support services	(179)
Underspend on central support and corporate and democratic costs.	
Repairs and maintenance	(629)
The Repairs and maintenance service underspent by £629k. This is £171k more than reported in February monitor and is due to a delay in starting some planned and cyclical maintenance programmes and to greater control of the budget.	
Enfield Homes management fee	(187)
Surplus outturn against the management fee of £15.197m.	
Miscellaneous costs	(80)
Underspend on other miscellaneous items.	
Ordnance Road pub demolition	128
Unbudgeted spend on the demolition of the Ordnance Road Pub.	
Alma Scheme- decant costs	278
Additional expenditure on void works done on Alma decanted properties.	
Void properties Council Tax	96
Overspend on the payments for council tax on void properties due to estate renewal decants.	
IT Upgrades	200
IT provision for upgrades and equipment.	
Total Housing Revenue Account Variance 2013/14	(2,933)

5.2 Statement of Accounts Position

The HRA statement of Accounts shows a deficit of £1,045k for 2013/14 and this is due to the statutory adjustments which has to be included in the Accounts and includes additional depreciation and contributions to and from earmarked reserves including the £3m drawn down from the R&M reserve and any revenue contributions to the capital programme 2013/14.

6 2015/16-BUDGET AND FINANCIAL OUTLOOK UPDATE

Funding Settlement Update

6.1 The Government's programme of reducing public sector debt and spending is now embedded in the Council's financial planning. The most recent information from Central Government is that:

- Local Government Finance Settlement provided illustrative grant figures only for 2015/16 and no details for later years. The Local Government Finance Settlement will confirm the 2015/16 figures at the end of 2014.
- The Chancellor's 2014 Budget provided only high level indications of future public spending plans and may therefore change before being confirmed.
- Indications are that reductions in public spending will continue and cover the period of the Medium Term Financial Plan. It is highly likely that, whatever the result of the 2015 General Election, funding will continue to remain tight.

6.2 In recent years the budget has included significant changes to local government financing including the Government's part localisation of business rates and council tax support. The Government will continue to retain tight control of council's spending and will impose grant cuts through the Revenue Support Grant allocation. Specific issues with the current finance regime include:

- Relative changes in population and deprivation will not be reflected in grant distribution which is likely to remain fixed until 2020.
- Council Tax support grant is now merged into general Government funding and will be cut in line with local government finance generally so will also not reflect changing patterns of benefits
- Welfare reform pressures continue especially on the homelessness budget.
- The Government has increased the risk around funding levels by transferring cash-limited grant funding from allocations based on resource equalisation and deprivation to incentive based funding such as business rate localisation and New Homes Bonus.

The Medium Term Financial Plan

6.3 The Council has a statutory duty to set a balanced budget and agree its Council Tax and Housing Rent levels for 2015/16 by early March 2015. The Medium Term Financial Plan (MTFP) agreed by Council in February set a balanced budget for 2014/15, and identified a range of

pressures in the subsequent years, with an overall budget gap of £65m¹ over three years.

	2015/16	2016/17	2017/18
Budget gap	£33.9m	£15.1m	£15.6m

The plan will be extended to four years as part of the budget process to include new pressures and risks not yet built into the MTFP. New pressures emerging are:

- **Care Act 2014**

The 2014/15 Budget Report to Council in February 2014 identified the risk of the Government not funding fully the social care proposals in the Dilnot Review. The Government has now confirmed that from April 2016 a cap will be introduced limiting the amount of money people will have to pay towards their care. This cap will be set at £72,000. The Government will also raise the means testing threshold at which people are eligible for support from local authorities, from the current £23,250 to £118,000.

Analysis by London Councils forecasts that the potential total additional cost pressure that could be faced by London by 2019/20 as a result of introducing the cap and raising the threshold and current on-going social care cost pressures is approximately £1.3 billion. Around £877 million of this will be as a direct result of implementing the capped cost model for care and raising the eligibility threshold over the first four years. The total estimated pressure for Enfield, which is derived from London Councils' model, is between £8m and £15m from 2018/19 and Government funding has not yet been confirmed.

- **Employer's National Insurance Changes 2016/17**

The Government has announced that the single-tier State Pension will begin in 2016/17. This will abolish the current practice whereby employees get a National Insurance (NI) rebate of 3.4% for contracting out of the second state pension to enter final-salary schemes. The Council will now have to pay higher NI, amounting to that 3.4% of their employees' relevant earnings.

- **Interest Rates**

The Governor of the Bank of England has not yet given any guidance on the date when interest rates may begin to rise. Whilst he expects base rates to remain 'materially below' its historic average of 5% for the next three years, there is clearly a risk of increases during the period of the MTFP which will add to current forecast shortfall.

¹ Assuming a council tax freeze from 2015/16 onwards

Budget Process

- 6.4 Work has begun to balance the 2015/16 budget and subsequent years, so that, as far as possible, there is a balanced budget for each of the next four years agreed by Cabinet and Council in February 2015.
- 6.5 Circumstances will change over the next four years, and the MTFP will need to be reviewed annually and updated accordingly, both to reflect changing Administration priorities, changing funding levels and the impact of external factors (such as demographic growth, the economy, and the housing market).
- 6.6 The Council has a well-tested financial planning and budget setting process, which is being used again this year. Enfield has traditionally had a very strong track record of financial management, and has been rated as such by our External Auditor. The size of the budget gap the council faces is significant, and will require significant changes to front line, middle and back office services, in order to live within the funding available. During the course of this budget round, decisions will need to be made in the following areas:
- A review of the Council's existing and planned capital programme, with a view to reducing the overall level of expenditure that is subject to unsupported borrowing. To ensure that the decisions made regarding future funding requirements are based on the priorities and are on an outcomes based approach to Council spending.
 - A further programme of property disposals, covering short, medium and long-term opportunities, in order to create capital funding that, in part, should be used to reduce the overall level of Council borrowing.
 - Review front line service savings proposed by Directors and Cabinet members, in order to find approximately 40% of the overall savings required.
 - Review and agree a significant transformation programme for the Council – Enfield 2017 – that will deliver a much more automated, digitally supported experience for both internal and external customers of the Council.
 - Continue the commercial development of the Council, so that income can be generated wherever possible, and/or longer term asset wealth is created. This covers a wide range of issues, including fees and charges (primarily in Environment, but also across the Council more generally), developing existing commercial relationships (with, for example, Serco and Fusion Leisure), trading of council services (e.g. cleaning, HR and payroll) with other councils, sharing services (building on the successful joint procurement unit with Waltham Forest), the development of the council's housing companies², and, potentially, longer term opportunities such as the Lee Valley Heat Network and Market Gardening.

² The second to hold housing generated by the small sites work will be submitted to Cabinet in July for agreement.

Budget Consultation

- 6.7 The budget process for 2015/16 will incorporate a consultation on savings proposals by services as necessary during the year. It is recommended that the formal Budget Consultation continues last year's approach aimed at increasing customer and public understanding of the key financial decisions the Council faces each year. The consultation should also look more at stakeholder requirements and the resources allocated between priorities.
- 6.8 Plans have yet to be finalised but it is proposed that a questionnaire in the Council's magazine has worked particularly well in the past and should be continued this year. Cabinet is requested to consider how the Authority can improve the consultation process to ensure that even more input is received from the public and other stakeholders.

7 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 Cabinet can discuss and agree alternative uses of the 2013/14 underspend.
- 7.2 Alternative options to the current budget process are being reviewed for presentation to Cabinet in November along with progress in balancing the 2015/16 budget.
- 7.3 The Medium Term Financial Plan is being updated for alternative Government spending plans.

8 REASONS FOR RECOMMENDATIONS

- 8.1 To ensure that members are aware of the outturn position for the authority including all major variances which have contributed to the outturn position.
- 8.2 Cabinet needs to manage the 2015/16 financial planning process with regard to continuing reductions in public spending.

9 COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS

9.1 Legal implications

The Council has a statutory duty to ensure the proper administration of its financial affairs and a fiduciary duty to tax payers to use and account for public monies in accordance with proper practices.

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.

9.2 Financial Implications

Financial implications are implicit in the body of the report. The variances and risks identified through the closure of accounts will be taken into account in the financial monitoring process for 2014/15.

By planning an effective budget round, and considering financial resources in the light of the Council's strategic priorities and other resources the framework for the development of the budget is robust, and in line with service delivery requirements. By considering risk as part of this process, council reserves and balances will be appropriately set to ensure the continued financial stability of the Authority.

9.3 KEY RISKS

The budget risks during 2013/14 were managed through detailed revenue monitoring reports provided monthly to Cabinet. Departments took action to minimise budget pressures and align departmental spend to budget. Some of these pressures will also affect 2014/15 and departments are already taking action to contain current year spending pressures, examples include:

- A reduction in fee income across all service areas has continued due to the recession and is being monitored in 2014/15 as part of the monthly budget monitoring regime.
- Welfare reforms especially relating to homelessness.
- Increased demand for services which is subject to tight financial control in all areas of spend.
- Other pressures arising from the state of the UK economy

10 EQUALITIES IMPACT IMPLICATIONS

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

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

11 PERFORMANCE MANAGEMENT IMPLICATIONS

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

12 IMPACT ON COUNCIL PRIORITIES

12.1 Fairness for All – The recommendations in the report fully accord with this Council priority.

12.2 Growth and Sustainability – The recommendations in the report fully accord with this Council priority.

12.3 Strong Communities – The recommendations in the report fully accord with this Council priority.

13 PUBLIC HEALTH IMPLICATION

13.1 There are no public health implications directly related to this report

Chief Executive's Department Revenue Outturn Position 2013/14

APPENDIX 1

Chief Executive	Latest Controllable Budget	Service Net Expenditure	Budget Variation	New Reserves 31 March 2014				Service Net Expenditure plus Reserves	Outturn Variation to Latest Budget	Reported Variation February 2014
				Project Carry Forward	Grant Reserves	Transformation	Total New Reserves			
Notes	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Sustainable Communities	1,206	1,022	(184)	177	0	0	177	1,199	(7)	0
Corporate Improvement	1,033	1,038	5	0	0	0	0	1,038	5	0
Former Employees	107	106	(1)	0	0	0	0	106	(1)	0
1 Communications	996	1,098	102	0	0	0	0	1,098	102	0
2 Human Resources	442	297	(145)	0	0	0	0	297	(145)	0
Chief Executive	374	364	(10)	0	0	0	0	364	(10)	0
Design & Print Trading Service	(293)	(265)	28	0	0	0	0	(265)	28	0
2013/14 Service Budget	3,865	3,660	(205)	177	0	0	177	3,837	(28)	0
Total 2013/14 Net Expenditure	3,865	3,660	(205)	177	0	0	177	3,837	(28)	0

Explanation of Chief Executive's Department variances greater than £50k:

1 Communications	102
Reduction in work from DSG funded schemes led to £90k shortfall in income. This will be a budget pressure for 14-15.	
2 Human Resources	(145)
The rebate from the agency workers contract was higher than anticipated.	
Other Variances	15
2013/14 Service Budget Variance	(28)

Chief Executive: Project Carry Forward Requests 2013/14			2013/14 PCF	2013/14 Grant	Trsansfor mation	2012/13 PCF
Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	£'000	£'000	£'000	£'000
Annual Enfield Residents Survey To conduct the 2014 Annual Residents' Survey and associated qualitative engagement with harder to engage communities.	In order to carry forward resources to conduct a larger survey of 2,000 residents, using a face to face methodology (subject to procurement process).	Resident consultation and engagement activities help to directly inform Council actions under ensuring Fairness for all, and creating stronger communities.	69.0			
Voluntary Sector Grant Funded Projects To provide support to the voluntary sector within LBE, and promote community cohesion & sustaianability.	Delay in community groups starting their projects for which funding had been agreed.	Continued support to voluntary organisations and community schemes.	73.0			
Re-brand Our Enfield To re-brand 'Our Enfield' magazine.	Work has started on a project to re brand and reformat the Council magazine 'Our Enfield' for launch following the May elections.	The reformat is to promote the aims of the Council by informing residents of policy and rights issues, encourage community cohesion and volunteering.	35.0			
2012/13 Project Carry Forwards not yet complete to be slipped into 2014/15:						
E Recruitment Systems Developments						21.5
Total			177.0	-	-	21.5

Environment Revenue Outturn Position 2013/14

APPENDIX 2

Notes	Environment	Latest Controllable Budget £000's	Service Net Expenditure £000's	Budget Variation £000's	New Reserves 31 March 2014				Service Net Expenditure plus Reserves £000's	Outturn Variation to Latest Budget £000's	Reported Variation February 2014 £000's
					Project Carry Forward £000's	Grant Reserves £000's	Transformation £000's	Total New Reserves £000's			
	Director Planning	1,661	1,686	25	0	0	0	0	1,686	25	33
	Technical & Business Services	560	522	(38)	0	0	0	0	522	(38)	(30)
	Ast Dir Planning	173	184	11	0	0	0	0	184	11	15
	Architectural Services	176	13	(163)	80	0	80	160	173	(3)	0
1	Development Management	(130)	288	418	80	0	20	100	388	518	481
2	Business & Technical Services	928	868	(60)	0	0	0	0	868	(60)	(86)
3	Parking	(972)	(920)	52	0	0	0	0	(920)	52	90
4	Civil Engineering & Highways	3,160	3,211	51	0	0	0	0	3,211	51	58
5	Street Lighting	2,978	3,064	86	0	0	0	0	3,064	86	0
	Traffic & Transportation	910	887	(23)	0	0	0	0	887	(23)	(6)
	Public Realm & Sustainability							0			
6	Assist Dir Public Realm & Sustainability	246	436	190	100	0	30	130	566	320	130
	Sustainability	566	566	0	0	0	0	0	566	0	0
7	Fleet Management	462	320	(142)	90	0	0	90	410	(52)	(50)
8	Fleet Holding Account	1,285	846	(439)	0	0	0	0	846	(439)	(231)
9	Waste & Parks Operations	14,663	14,387	(276)	0	0	0	0	14,387	(276)	(268)
10	Waste Management & Parks	2,557	2,037	(520)	289	0	20	309	2,346	(211)	(93)
11	People Transport Service	(457)	(348)	109	0	0	0	0	(348)	109	0
	Community Safety & Environment		0		0	0	0	0	0	0	0
	Corporate Health & Safety	509	470	(39)	0	0	0	0	470	(39)	(15)
12	Community Safety	1,354	1,278	(76)	0	10	0	10	1,288	(66)	(63)
	Regulatory Services	2,494	2,509	15	0	0	0	0	2,509	15	7
	Enfield Public Safety Centre	834	848	14	0	14	0	14	862	28	56
	Emergency Plan	218	188	(30)	0	0	0	0	188	(30)	(28)
	AD Community Safety & Environment	139	140	1	0	0	0	0	140	1	0
	2012/13 Project Carry Forwards *			0	(50)		50	0	0	0	0
	2013/14 Service Budget	34,314	33,480	(834)	589	24	200	813	34,293	(21)	0
	Total 2013/14 Net Expenditure	34,314	33,480	(834)	589	24	200	813	34,293	(21)	0

* Note. Environment will contribute £50k of previous years project carry forwards to the Transformation Programme

Environment Explanations of variances greater than £50k:

1	Development Management Building Control: The outturn position is in line with the February 2014 reported overspend. There has been a sustained loss of income which has continued from 2012/13 in Building Control fees. This is due to the continued low level of building construction activities in the current economic climate. Development Control: There has been a continued under achievement in Planning fees income as a result of recent changes in planning regulations and a decrease in number of major planning applications. The outturn position is in line with the February 2014 reported overspend.	518
2	Business & Technical Services There were a number of factors that created an underspend in the Business & Technical Services Unit. These include an over achievement in GIS income and the service forecast an underspend in salaries caused by temporary vacancies and delays in recruitment.	(60)
3	Parking The £52k adverse variance was caused by a reduction in receipts from car parks.	52
4	Civil Engineering & Highways The outturn position includes a project carry forward of 100k for the management of flood risk to protect residents and businesses in Enfield.	51
5	Street Lighting An equalisation reserve was set up at the beginning of the 25 year street lighting PFI contract to meet the costs over the life of the contract. The adequacy of this reserve was reviewed as part of the closure of accounts process. This revealed that a number of variables including RPI, interest rates and Council's contributions of the first six years of the contract would likely lead to a significant budget pressure in 2015/16. In order to conserve the balance of the reserve and alleviate the budget pressure for future years, it was decided to reduce the 2013/14 contribution from this reserve to the Street Lighting revenue accounts. A prudent decision was taken which gave rise to an adverse variance of £86K when compared with the February projection.	86
6	Assist Dir Public Realm & Sustainability The outturn position includes project carry forwards totalling 329k for the Public Realm service redesign and the implementation of a IT solution for Waste services.	320
7	Fleet Management The underspend in Fleet management was caused by delays in recruitment to vacant posts in the workshop service. This will be a temporary situation for 2013/14 only because the service is restructuring with the aim of attracting suitable candidates for the role of vehicle technicians, this has proved difficult in the past. The final outturn is in line with the forecast variance reported in the February 2014 monitor.	(52)
8	Fleet Holding Account There was a one-off underspend in the Leasing budget as a result of the decision to introduce a nine year replacement cycle for the majority of waste vehicles following a review of the vehicle replacement programme. The changes led to the re-profiling of the outstanding internal leasing payments for these vehicles over their remaining life, resulting in a short term reduction in annual charges until the vehicles are disposed of.	(439)
9	Waste & Parks Operations The underspend in Waste Operations was due to a delay in recruitment within Street Cleansing, a reduction in clinical waste collection costs following the change in routing of work from 5 days to 2 days per week and lower costs on leafing clearance due to reduced agency costs. The outturn is in line with the February 2014 monitoring position.	(276)
10	Waste Management & Parks There has been an over achievement of cemeteries income in Parks client due to the increased supply of traditional burial plots at Edmonton Cemetery. The increase from February forecast is partly as a result of higher than anticipated income across the service, though more significantly in the cemeteries service and a reduction in operating costs.	(211)

Environment Explanations of variances greater than £50k:

11	People Transport Service	109
	Over the past couple of years the service has experienced an increasing demographic pressure in that there has been an increase in the number of children and adults being transported by the People Transport Service and this trend has not only continued during 2013/14 but is also expected to continue in to 2014/15.	
12	Community Safety	(66)
	The Community Safety outturn is in line with the February 2014 forecasted underspend. The underspend was due to a number of vacancies within the service that have now been recruited to or will be imminently filled.	
	Other Variations	(53)
	2013/14 Service Budget Variance	(21)

Form	Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	2013/14 PCF	2013/14 Grant	Transformation	2012/13 PCF
				£'000	£'000	£'000	£'000
Env 01	Shop Front £100k revenue to develop a shop front improvements scheme.	Requirement to deliver a quality outcome as part of a comprehensive package of improvements.	Fairness for all - providing high quality and accessible services. Growth & sustainability - encouraging new jobs and a clean, green and sustainable environment. Strong communities - listening to the needs of local people and being accountable.	80.0		20.0	
Env 02	Public Realm This project will build on previous projects to develop options for service redesign, enabling front line service savings. The project will ensure that the Department has the right infrastructure and management information to efficiently manage VFM services.	Slippage to this project due to additional review work required to ensure robust service baselining.	This programme is a key enabler to front line service delivery savings. It is key to providing high quality, affordable and accessible services for all.	100.0		30.0	
Env 03	Fleet Service Public Realm Programme brings together a number of projects within the Public Realm and Sustainability division established to support front-line service delivery and enable front line savings. This carry forward request is to fund review and redesign of Fleet Services.	Carry forward is required to support delivery of this programme. Carry forward will cover consultancy support for fleet services review - there is a contractual commitment to this and the inception meeting has been held. Slippage to this project was due to resourcing and procurement issues (now resolved).	Essential to ensuring we provide high quality, affordable and accessible services for all.	40.0			
Env 04	Waste IT Solutions Implement a new whole service IT Solution for Waste to ensure that the Department has the right infrastructure and management information to efficiently manage VFM services. Corporate IT Board have approved the business case and corporate funding is available only for capital costs not implementation e.g. data cleansing, business process redesign. The PCF will cover these costs.	Slippage to this project due to resourcing issues (now resolved) and requirement to go out to full OJEU rather than initial plan of framework.	This programme is a key enabler to front line service delivery savings. It is key to providing high quality, affordable and accessible services for all	179.0		20.0	
Env 05	Contamination Reduction To fund the continuation of the current contamination (incorrect items being placed in the dry recycling or organic containers) work to kerbside and estates households. This supports the council current policy as agreed in 2013. The issue of contamination needs to be continually addressed as it has significant financial implications as the Council has to dispose of the contaminated material as refuse, which is typically 50 times more expensive per tonne than recycling. Our contamination rate is currently around 8%, 3% above what is accepted in our agreement with our contractor Biffa. At the current rates this additional contamination above the agreed limit represent a potential risk and pressure to the council in excess of £100,000 per annum The project is aimed at reducing the amount of contaminated recycled that is collected. The project has already been successfully running since October 2013 on a pilot basis. Repeat offences in the areas covered have reduced significantly with the number of households repeat offending		Fairness for all - the policy ensures that the efforts of the majority of Enfield's, who are recycling correctly, do not go to waste due to being contaminated by the minority of residents. Growth and Sustainability -The contamination project will assist in the councils efforts to increase recycling and reduce the amount of waste going to landfill, as rejected recycling does not count towards our recycling rates. Strong communities - The continued expansion of the contamination project will ensure that as a borough we treat all residents and communities fairly and equally. Also where residents are not using the service correctly the project ensures that they receive sufficient support and information to enable them to do so.	30.0			
Env 06	Interim Fleet Support Fleet Services will require an interim manager whilst the service undergoes a restructure and puts in place key contracts.		The interim manager is required to ensure the service can run (operationally and to be compliant with VOSA) whilst a new structure is put in place.	50.0			

Form	Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	2013/14 PCF	2013/14 Grant	Transformation	2012/13 PCF
				£'000	£'000	£'000	£'000
Env 07	Parks SLA Review The project is to bring in external support to put in place a formal SLA for the parks operational service. Once in place it will allow us to review the current service for efficiencies and then consider options for future savings to support the wider Council savings for the next 3 years.		The service review and options will provide options to reduce the parks operational budget going forward	50.0			
Env 08	Composition Analysis To fund a comprehensive compositional analysis (waste audit) of all of the 3 main domestic waste streams; organic, dry recycling and residual. The audit will provide us with essential information of the typical make up of Enfields domestic waste arisings. This will be used to inform the following: Dry recycling and organic disposal contract due for renewal in 2015, enable the council to focus campaigns/ service adjustments to divert tonnages from the residual stream to the much lower costs recycling/ organic composting stream. Calculating potential end of waste criteria liability.		Fairness for all - the waste audit will play a key role in helping to ensure that all residents in the borough continue to receive a high quality waste and recycling service through providing greater undertasing of how residents use the service so campaign and service adjustments can be made to assit maximum resident utilisation and engagemnt in the services offered. Growth and Sustainability -The waste audit will assist in the councils efforts to increase recycling and reduce the amount fo waste going to landfill . Strong communities - The waste audit will enable us to gain greater understanding of how our residnets use the service and be able to better tailor servcie to meet their needs.	30.0			
Env 19	Flood risk To support the actions identified in the report to Cabinet on 9 April 2014 which describes the activities being undertaken to protect residents and businesses from flooding. Key actions include the expansion of CCTV cameras at critical locations to assess flooding risk during storm events; de-silting of culverts at high risk locations. In addition, as a result of reviewing the Council's arrangements to provide assistance in a flooding emergency, the Council is looking to purchace aqua-sacs as an alternative to sand-bags.		Appropriate flood risk management arrangements will promte future development and investment in the borough and help to protect those already present.	80.0		20.0	
Env GHR2	ASB Ring fenced grant funding provided by Central Government. The funding must be spent on delivering targeted interventions to address anti social behaviour and also, to enable support and training for residents to tackle anti social behaviour.	Funding is not time limited, but is conditional on delivering ASB interventions, such as the Dog Education Project.	GROWTH AND SUSTAINABILITY - funding provides an ongoing opportunity for education and better engagement in the community. FAIRNESS FOR ALL - Meeting the needs of residents and protecting those who may be vulnerable. STRONGER COMMUNITIES - dealing with local concerns about crime and anti social behaviour to make Enfield a safer place to live.		13.9		
Env GR3	Information Sharing To develop systems and processes to enable regular electronic data sharing between Chase Farm Hospital A&E, North Middlesex Hospital A&E and Enfield Safer and Stronger Communities Partnership (SSCB). Analysis from this data with be used by SSCB to address areas of concern and target <u>Police and partnership interventions.</u>	There has been work with both hospitals, especially North Middlesex, but there were issues with Chase Farm Hopsital IT and now the closure of Chase Farm Hospital A&E, these are currently being addressed with the Department of Health.	FAIRNESS FOR ALL - Meeting the needs of residents and protecting those who may be vulnerable. STRONGER COMMUNITIES - dealing with local concerns about crime and anti social behaviour to make Enfield a safer place to live.		10.0		
Env 09	Lea Valley Heat Network - contribution to Transformation					60.0	
2012/13 Project Carry Forwards not yet complete to be slipped into 2014/15:							
Interim Efficiency (Waste)						11.0	
Service Specifications (Waste)						9.0	
Apprenticeship scheme for Street Scene Services							30.0
Parks Service Online Booking						30.0	
Smart meters							25.0
Domestic Homicide Reviews							29.2
				(50)			
Total				589.0	23.9	200.0	84.2

* Note: Reallocation of requested Project Carry Forwards to the Transformation Programme
Environment will contribute £50k of previous years project carry forwards to the Transformation Programme

Finance, Resources & Customer Services Outturn Position 2013/14

APPENDIX 3

Notes	Finance, Resources and Customer Services	Latest Controllable Budget £000's	Service Net Expenditure £000's	Budget Variation £000's	New Reserves 31 March 2014				Service Net Expenditure plus Reserves £000's	Outturn Variation to Latest Budget £000's	Reported Variation February 2014 £000's
					Project Carry Forward £000's	Grant Reserves £000's	Transformation £000's	Total New Reserves £000's			
1	Property Services	1,816	3,067	1,251	0	0	0	0	3,067	1,251	924
2	Corporate Items	523	464	(59)	0	0	0	0	464	(59)	(196)
3	Administration	158	(356)	(514)	0	0	0	0	(356)	(514)	(42)
	Former Employees	719	703	(16)	0	0	0	0	703	(16)	(10)
	Corporate Procurement	487	466	(21)	0	0	0	0	466	(21)	(16)
4	Corporate Governance	4,002	3,835	(167)	0	0	40	40	3,875	(127)	(158)
5	Legal & Registrars Services	1,290	1,804	514	0	0	0	0	1,804	514	310
	Accountancy	2,437	2,449	12	0	0	0	0	2,449	12	0
6	Customer Services	15,855	11,592	(4,263)	0	0	1,821	1,821	13,413	(2,442)	(284)
	Director of FR&CS	399	411	12	0	0	0	0	411	12	16
7	ICT & Transformation	16,324	17,652	1,328	0	0	0	0	17,652	1,328	1,271
	2013/14 Service Budget	44,010	42,087	(1,923)	0	0	1,861	1,861	43,948	(62)	1,815
	Total 2013/14 Net Expenditure	44,010	42,087	(1,923)	0	0	1,861	1,861	43,948	(62)	1,815

Explanation of variances greater than £50k:

1	Property Services	1,251
	Overspend in this service is due mainly to: (i) additional costs of security/maintenance of surplus and vacant sites, (ii) shortfall in rent income from investment properties that cannot be let due to redeployment strategies and economic situations, and (iii) increase in the end of year provision for dilapidation of leased in buildings.	
2	Corporate Items	(59)
	Underspend due mainly to net savings in audit/professional fees,	
3	Administration	(514)
	Underspend due mainly to net of insurance savings, offset by unallocated savings in corporate governance, revenue and budgets and department delayering respectively.	
4	Corporate Governance	(127)
	Underspend in this service is due to savings resulting from delay in staff recruitment following the restructure of Audit and Risk Management services, reduction in the cost of members' support and additional Home Office grant for Individual Electoral Registration (IER). These have been offset in part by additional cost of corporate scrutiny.	

5	Legal & Registrars Services	514
	An overspend of £450k includes the Judicial review of Chase Farm Hospital as well as reduced income to the service. There was also reduced Almo income (£21k) & unfunded restructuring costs in Registrars (£87k), offset by additional income in Land Charges (-£45k).	
6	Customer Services	(2,442)
	The final grant claim was also higher than projected due to changes in the number of HB claims made in the year, the final HB subsidy claim was £295m.	
7	ICT & Transformation	1,328
	Overspend due mainly to cost of consultants and unfunded posts on the Leaner and Transformation team, offset in part by net savings in costs of IT equipment and Serco contract respectively	
	Other Variations	(13)
2013/14 Service Budget Variance		(62)

Finance, Resources and Customer Services: Carry forwards 2013/14	Transformation	2012/13 PCF
Purpose of carry forward	£'000	£'000
The following services submitted requests for project carry forwards which have now been allocated to support the Council's Transformation Programme		
Internal Audit	40.4	
Payroll	110.0	
Customer Services	11.0	
Transformation A general contribution to the restructuring and IT development of customer and business services	1,700.0	
2012/13 Project Carry Forwards not yet complete to be slipped into 2014/15:		
Franking Machine		54.0
Bar Code System- Archiving records		18.0
Debt Management System		102.7
Total	1,861.4	174.7

Housing, Health & Adult Social Care Outturn Position 2013/14

APPENDIX 4

Notes	Housing, Health and Adult Social Care	Latest Controllable Budget £000's	Service Net Expenditure £000's	Budget Variation £000's	New Reserves 31 March 2014				Service Net Expenditure plus Reserves £000's	Outturn Variation to Latest Budget £000's	Reported Variation February 2014 £000's
					Project Carry Forward	Grant Reserves	Transformation	Total New Reserves			
					£000's	£000's	£000's	£000's			
1	Strategy & Resources	17,962	16,306	(1,656)	0	175	787	962	17,268	(694)	(521)
2	HHASC Director	(2,055)	(1,616)	439	0	0	0	0	(1,616)	439	
	Adults Division		0								
	Customer Pathway	39,069	39,070	1	0	0	0	0	39,070	1	413
3	Adult Mental Health	6,876	6,806	(70)	0	0	0	0	6,806	(70)	
4	Provider	10,605	10,543	(62)	0	0	0	0	10,543	(62)	(267)
5	Learning Disabilities	23,164	23,444	280	0	0	0	0	23,444	280	375
	Public Health		0								
6	Public Health Central	70	1,295	1,225	0	0	0	0	1,295	1,225	
7	Prescribed Functions	0	(112)	(112)	0	0	0	0	(112)	(112)	
8	Non-Prescribed Functions	296	(817)	(1,113)	0	0	0	0	(817)	(1,113)	
	Community Housing		0								
	HHASC Other	195	195	0	0	0	0	0	195	0	
	Housing Strategic Services	100	(264)	(364)	0	194	170	364	100	0	
	Assistant Director	76	76	0	0	0	0	0	76	0	
	Business Development	178	178	0	0	0	0	0	178	0	
	GF Temp Accomodation team	550	550	0	0	0	0	0	550	0	
	Housing Options & Advice	2,134	2,134	0	0	0	0	0	2,134	0	
	Residential Services	672	672	0	0	0	0	0	672	0	
								0	0	0	
	2013/14 Service Budget	99,892	98,460	(1,432)	0	369	957	1,326	99,786	(106)	0
	Total 2013/14 Net Expenditure	99,892	98,460	(1,432)	0	369	957	1,326	99,786	(106)	0

Explanation of variances greater than £50k:

1 & 2	Strategy & Resources / Care Purchasing contingency & HHASC Director	(255)
	Strategy & Resources have come in at a £694k underspend, arising from the early achievement of housing related support savings, maximising one off resources and reduced commitments across the service. In addition, year-end contributions of £439k have been made from service underspends to the Demographic Pressures balance sheet code to meet the 14/15 MTFP target.	
3	Adult Mental Health	(70)
	Underspend has arisen across several staffing & care purchasing budgets.	
4	Provider	(62)
	Underspent due to an over achievement of income from client receipts and reduced operational costs. The level of underspend is lower than reported in February, mainly due to £99k higher transport cost recharges in day care services and £92k additional spend on specialised equipment to enable independent living.	
5	Learning Disabilities	280
	The Learning Disabilities service overspend is £95k lower than projected in February. The service operated a monthly efficiency programme throughout 13/14, reviewing progress against savings and managing demand for services. Movement from February due to £31k additional client income, £12k lower transport recharges & £52k from lower care package costs.	
6	Public Health Central	1,225
	The ring-fenced Public Health grant in 13/14 was £12.9m. The department has committed £800k against a range of unresolved risks including prescribing costs, and unknown sexual health commitments (which has arisen from a letter from the DoH to a number of Authorities), in addition to those already accrued for in the accounts for 13/14. The projected outturn position will be £400k underspend, which must be carried forward as ring-fenced Public Health budget.	
7	Prescribed Functions	(112)
	Balance c/fwd into 14/15 - comment as per Public Health Central (above)	
8	Non-Prescribed Functions	(1,113)
	Balance c/fwd into 14/15 - comment as per Public Health Central (above)	
	Other Variations	1
2013/14 Service Budget Variance		(106)

Housing, Health & Adult Social Care: Project Carry forwards 2013/14

Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	£'000	£'000	£'000
The following services submitted requests for project carry forwards which have now been allocated to support the Council's transformation programme					
Housing Strategic Services Strategy & Resources				170.0 787.3	
Warm Homes Healthy People The Council have successfully bid for funding from Department of Health to implement a scheme to supply loft and cavity insulation and cold alarms for elderly persons who have health problems. To reduce fuel costs for the service user and to alert them of rooms being cold and reducing the risk of heart attacks and other respiratory illnesses.	Referrals from outside consultants (when Willmott Dixon was working in the Borough through the RE:NEW scheme) they were not forthcoming and therefore was not able to complete the scheme in 2012/13. In 2013/14 we have been arranging to procure a contractor to implement the scheme from our own client base and need this funding to support the scheme as a top up to thermal comfort.	The Council is encouraging the elderly with health problems to remain in their own homes for as long as possible. Reducing the need to move into sheltered accommodation, hospital or residential care and saving costs with NHS and Social Services.	20.0		
Empty Property NLSR The Council have implemented it's Empty Property Strategy in order to tackle the challenge of nearly 4,000 privately owned properties standing empty and wasted at a time of acute housing shortage. Bringing empty properties back into use maximises the use of the boroughs housing stock for those in housing need. Furthermore, empty properties are often a 'scar' on the environment causing social problems such as vermin, overgrown gardens, antisocial behaviour and crime. Where negotiations with owners of empty properties have been successful the use of funding through the PSH Grant and Nominations Scheme has encouraged owners to bring their properties back into use and nominated tenants will be offered affordable tenancies through this scheme.	Due to delays in funding the availability of the take up of the scheme was not forthcoming; grants are now in progress and therefore will be completed in 14/15 and 15/16.	The project is important to bring back empty properties into use, leaving the property empty will encourage squatters, vermin, overgrown gardens, being used by drug abusers and the neglect of repair issues will affect the overall neighbouring look and anti-social behaviour. It will reduce the property values make the area less desirable. This is also the Mayor of London's priorities to tackle empty properties so that it reduces homelessness and increase the supply in London.	174.0		
NHS Advocacy To develop an effective local Advocacy support mechanism in Enfield as a strong voice of local residents enabling them to shape the local Health and Social Care services. Advocacy services will be a statutory requirement under the new Care Bill.	Budget to be carried forward due to delays in project. Not all expenditure allocated in current year.	Advocacy services give a voice to vulnerable people, ensuring that their views are heard and taken into account when making decisions about their care and support. It contributes to the Council's value of Fairness for All.	87.0		
Adult Social Care The Council have successfully bid for funding from Department of Health to implement a scheme to supply loft and cavity insulation and cold alarms for elderly persons who have health problems. To reduce fuel costs for the service user and to alert them of rooms being cold and reducing the risk of heart attacks and other respiratory illnesses.	Referrals from outside consultants (when Willmott Dixon was working in the Borough through the RE:NEW scheme) they were not forthcoming and therefore was not able to complete the scheme in 2012/13. In 2013/14 we have been arranging to procure a contractor to implement the scheme from our own client base and need this funding to support the scheme as a top up to thermal	The Council is encouraging the elderly with health problems to remain in their own homes for as long as possible. Reducing the need to move into sheltered accommodation, hospital or residential care and saving costs with NHS and Social Services.	88.1		
2012/13 Project Carry Forwards not yet complete to be slipped into 2014/15:					
Care Place-Monitoring of Residential Care and Nursing Homes					30.0
Rent Deposit Scheme					150.0
Capita Housing Related Support system					37.0
Comprehensive Development Initiative (Christian Action Contribution)					200.0
Stock Condition Survey					18.0
Total			369.1	957.3	435.0

Regeneration, Leisure & Culture Outturn Position 2013/14

APPENDIX 5

Notes	Regeneration, Leisure & Culture	Latest Controllable Budget £000's	Service Net Expenditure £000's	Budget Variation £000's	New Reserves 31 March 2014				Service Net Expenditure plus Reserves £000's	Outturn Variation to Latest Budget £000's	Reported Variation February 2014 £000's
					Project Carry Forward £000's	Grant Reserves £000's	Transformation Reserves £000's	Total New Reserves £000's			
	RLC Director	756	716	(40)	0	0	0	0	716	(40)	
	Neighbourhood Regeneration	589	589	0	0	0	0	0	589	0	
1	Regeneration	217	429	212	0	0	0	0	429	212	
	Libraries & Museums	4,634	4,673	39	0	0	0	0	4,673	39	
	Cultural Services	1,216	1,138	(78)	0	48	0	48	1,186	(30)	
	Sports Activities	909	902	(7)	0	0	0	0	902	(7)	
	Strategic Planning Design	611	611	0	0	0	0	0	611	0	
2	Business and Economic Dev	877	704	(173)	0	0	0	0	704	(173)	
					0	0	0	0			
	2013/14 Service Budget	9,809	9,762	(47)	0	48	0	48	9,810	1	0
	Total 2013/14 Net Expenditure	9,809	9,762	(47)	0	48	0	48	9,810	1	0

Explanation of variances greater than £50k:

1	Regeneration	212
	£123k - The Core part of the JOBSNET team is funded from an ESF grant, all other services provided by JOBSNET are supported by the underspend in Business & Economic Development. Further projects totalling £88k are also funded from this and other RLC underspends.	
2	Business and Economic Dev	(173)
	Salary underspend to support Regeneration schemes.	
	Other Variations	(38)

2013/14 Service Budget Variance	1
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Regeneration, Leisure & Culture Project Carry forwards 2013/14			2013/14 PCF	2013/14 Grant	2013/14 Reserve	2012/13 PCF
Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	£'000	£'000	£'000	£'000
Forty Hall HLF Grant for Volunteers Heritage Lottery Fund Delivery Grant - Forty Hall. HLF allow claims for Volunteer time, and this was built into the business plan that was approved as part of the bid.	Part of the HLF grant funded project at Forty Hall includes payments for volunteer time. This has been claimed, agreed and paid. The Head of Service for Leisure & Culture requests that the balance of this funding is carried forward to be available to pay for future costs in developing volunteering services at Forty Hall, training and development, equipment and uniforms, as well as the general cost of running the Hall.	The following is lifted from the Business Plan that was submitted as part of the original Council bid to the HLF in 2008. "The Forty Hall & Estate Development Project aims to improve educational and learning programmes, events and activities, preservation of an important historic house in its cultural landscape, and work towards widening physical and intellectual access, which will help embed Forty Hall & Estate at the heart of many local, regional and national strategies and policies. Therefore, the proposed project will better enable Forty Hall & Estate to support the fulfillment of many important aims and objectives for the development of the London Borough of Enfield and North London as part of the wider context of Greater London."		48.0		
2012/13 Project Carry Forwards not yet complete to be slipped into 2014/15:						
Edmonton Leisure Centre Mechanical Plant refurbishment						24.0
Area Based Partnerships						11.0
Total			-	48.0	-	35.0

Schools & Children's Services Outturn Position 2013/14

APPENDIX 6

Notes	SCS Non-Schools	Latest Controllable Budget £000's	Service Net Expenditure £000's	Budget Variation £000's	New Reserves 31 March 2014				Service Net Expenditure plus Reserves £000's	Outturn Variation to Latest Budget £000's	Reported Variation February 2014 £000's
					Project Carry Forward £000's	Grant Reserves £000's	Transformation Reserves £000's	Total New Reserves £000's			
	Children's Services										
	Building Resilience	56	62	6	0	0	0	0	62	6	6
1	Assistant Directors Childrens	1,246	990	(256)	0	0	0	0	990	(256)	(256)
	Social Work Training Grant	9	4	(5)	0	0	0	0	4	(5)	0
	Childrens - Non Service Related Expendit	28	38	10	0	0	0	0	38	10	11
2	Looked After Children	11,227	11,095	(132)	0	204	0	204	11,299	72	103
3	Children in Need	8,064	6,373	(1,691)	0	1,626	0	1,626	7,999	(65)	203
	Cheviots	2,859	2,888	29	0	0	0	0	2,888	29	(78)
	Safeguarding & Quality Assurance	1,752	1,657	(95)	0	78	0	78	1,735	(17)	(22)
	Early Intervention	134	125	(9)	0	0	0	0	125	(9)	(7)
4	Youth	6,896	6,503	(393)	120	0	0	120	6,623	(273)	(170)
	Education Services										
	Behaviour Support	82	95	13	0	0	0	0	95	13	18
5	Community Access	2,128	1,896	(232)	0	0	0	0	1,896	(232)	(284)
6	Admission Services	30	(85)	(115)	0	0	0	0	(85)	(115)	(102)
7	Asset Management & Development	(178)	358	536	0	0	0	0	358	536	718
8	Catering Services	(573)	(923)	(350)	0	0	0	0	(923)	(350)	(265)
9	Human Resources	2,120	2,065	(55)	0	0	0	0	2,065	(55)	(56)
	Education DMT	131	136	5	0	0	0	0	136	5	5
	Mental Health Services	2,195	2,152	(43)	0	0	0	0	2,152	(43)	(53)
10	Special Education Needs	3,540	4,002	462	0	0	0	0	4,002	462	34
	Sport	(53)	(64)	(11)	0	0	0	0	(64)	(11)	(31)
	Central Commissioning	4,074	4,068	(6)	0	0	0	0	4,068	(6)	(6)
11	School Improvement Service	1,120	944	(176)	0	0	0	0	944	(176)	(192)

Notes	SCS Non-Schools	Latest Controllable Budget £000's	Service Net Expenditure £000's	Budget Variation £000's	New Reserves 31 March 2014				Service Net Expenditure plus Reserves £000's	Outturn Variation to Latest Budget £000's	Reported Variation February 2014 £000's
					Project Carry Forward £000's	Grant Reserves £000's	Transformation Reserves £000's	Total New Reserves £000's			
	Commissioning & Community										
12	Child & Family commssioning	2,578	2,304	(274)	0	0	0	0	2,304	(274)	(292)
	Commissioning Central Resources	370	410	40	0	0	0	0	410	40	58
13	Commissioning DMT	208	144	(64)	0	0	0	0	144	(64)	(64)
	Enfield Arts Support Service	132	134	2	0	0	0	0	134	2	(11)
14	Child Residential Care Purchasing	5,766	6,301	535	0	0	0	0	6,301	535	528
	Learnig Skills for Work	580	577	(3)	0	0	0	0	577	(3)	0
15	Resources IT	1,198	1,055	(143)	0	0	0	0	1,055	(143)	69
16	Business Improvement and Partnership	0	220	220	0	0	0	0	220	220	0
17	Director	373	491	118	0	0	0	0	491	118	136
	2013/14 Service Budget	58,092	56,015	(2,077)	120	1,908	0	2,028	58,043	(49)	0
	Total 2013/14 Net Expenditure	58,092	56,015	(2,077)	120	1,908	0	2,028	58,043	(49)	0

Explanation of variances greater than £50k:

1	Assistant Directors Childrens A freeze was placed on new recruits to the Graduate Social Worker training programme as the recruitment and retention of social workers improved during 13/14. This resulted in an underspend of £189k. A further underspend of £67k was achieved within the AD's running costs budget.	(256)
2	Looked After Children The LAC service reported overspends of £460k within its budgets supporting Leaving Care, Former & Unaccompanied Asylum Seeking Children clients mainly as a result of the increase in client numbers and the shortage of suitable low cost accommodation. These overspends were nearly offset by underspends within the Section 20 Additional LAC Placements Expenses budget and the Fostering, LAC Social Work and Adoption Teams.	72
3	Children in Need The underspend is mainly as a result of a £87k underspend within the Prevention of Care Section 17 budget as a result of a £109k contribution from FRCS to fund significant amounts of S17 expenditure for housing rents and deposits from the Emergency Support Fund budget. There were also significant in year pressures within the No Recourse to Public Funds and social work staffing budgets but these were dealt with as corporate pressures with additional budget allocated to S&CS.	(65)
4	Youth The Youth Service has underspent by £166k this year. The main underspends have arisen in the following areas: Positive Activities for Young People (PAYP) -£110k, Special Youth Projects -£41k, Detached Team -£42k and Connexions -£98k. These underspends have been offset by additional expenditure required to prepare the new office accommodation at Claverings as part of the restructuring of the YFSS. In addition there was also an underspend of £113k within the Youth Offending Service; this was mainly savings on staffing budgets due to vacant posts which were proving difficult to recruit to.	(273)
5	Community Access The underspend is partly due to reduced expenditure in the Early Years project budget together with the application of trajectory grant funding of approximately £170k to fund the work undertaken by this team on ensuring the provision of two year old places.	(232)
6	Admission Services An underspend results from staffing savings due to vacancies and a continuing low take up of the school uniform grant	(115)
7	Asset Management & Development Of the overspend £476k is due to Primary Expansion Project staffing costs plus expenditure on feasibility surveys, legal expenses, valuations and other support costs that cannot be recharged to the capital projects. There was also an overspend of £107k within the Lettings service as a result of maternity cover plus a general reduction in income from schools & academies choosing not to use the service. There was also an underspend of £47k within the Joint Venture Cleaning income due to an increased profit share for 2013/14 plus the final 2012/13 profit share from the contract not included in the original budget. The change in the outturn position from Feb is due to additional internal departmental recharges and non-capital costs being identified at the year end.	536
8	Catering Services An underspend of £350k is due to a continuation of the higher uptake of school meals	(350)
9	Human Resources An underspend of £80k on enhanced pension payments is offset by an overspend on £25k in Health and Safety due to unbudgeted administrative support costs.	(55)

10	Special Education Needs Most of this overspend relates transport recharges totalling £372k. A potential overspend was previously reported as a risk due to increase in the number of children being transported and an increase in the complexity of their needs.	462
11	School Improvement Service An underspend of £160k in Education Welfare results from staff vacancies (£70k), additional income (£83k) plus minor underspends on running costs. There were further minor underspends in School Swimming (additional income) and the Schools Improvement Team budget due to a saving in training costs.	(176)
12	Child & Family commssioning A saving of £214k against the Childrens' Centres commissioning budget resulted from a planned reduction in spend identified in order to offset other departmental overspends. An underspend was also reported against the Young Persons Substance Misuse grant due to a review of funding streams.	(274)
13 & 17	Director & Commissioning DMT The overspend results from consultancy costs which are partly offset by a £64k saving resulting from the deletion of the AD commissioning post.	54
14	Child Residential Care Purchasing This overspend is mainly due to the additional 179 client weeks above budget in external residential homes resulting in an overspend of £557k. This year there has been a higher than expected number of challenging clients who cannot be accommodated within in house or agency fostering placements. The average weekly costs are also £204 a week higher than budgeted cost because of the clients' high needs. There are also projected over and underspends within in the other residential types (Agency Fostering -£209k & Special Education +£183k) which resulted in the net overspend position of £535k.	535
15 & 16	Resources IT The overspend on staffing costs is due to a delay in the divisional restructure.	77
	Other Variations	11
2013/14 Service Budget Variance		(49)

Schools & Children's Services Project Carry forwards 2013/14				2013/14	2013/14	2013/14	2012/13
Form	Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	PCF £'000	Grant £'000	Reserve £'000	PCF £'000
SCSGF1	Co-location of Youth & Family Support To co-locate a number of services in one central location thereby reducing costs.	Approval for the project start was not given till late in the financial year 2013/14. The following costs will need to be carry forward into 2014/15 as they will not be delivered until after the 31st March 2014: IT £38k; Furniture £66.5k; Scanning and storing of data £9k; Security Systems £6k.	The relocation of staff to 9 Centre Way will encourage greater cohesion of the new services and a one service/one council culture. Co-locating all staff together in one central location will increase efficiency and effectiveness from both a staff as well as a client/delivery perspective. Working together on one site will facilitate greater integration of services and sharing of skills, knowledge and experience to achieve common targets and key performance indicators.	120.0			
SCSGR1	Adoption Improvement Grant The Government has provided additional funding in 2013-14 to assist Councils to implement the reform programme to improve adoption practice and adoption services in their areas.	The timescale within which the grant needs to be used is too tight for implementing a child's care plan. The delay relates to one case only and, due to the complexities involved requiring legal input and panel processes, the process has taken longer than anticipated.	The grant will contribute towards improving performance against the national indicators for looked after children and in implementing the national minimum adoption standards. The grant will contribute towards the DfE's action plan requiring the adoption agency to assess and approve families to tighter timescales; place children in a timely manner; and speed up the adoption process as a whole. The grant will also contribute towards provision of better support services to enable families to consider 'harder to place' children and ensure safeguarding of children by providing them with a safe environment achieved through permanency.		36.0		
SCSGR2	Change & Challenge Grant (Troubled Families) The Troubled Families Grant from the DCLG was first introduced in 2011/12 and will run until May 2015. The grant will be used to enhance intensive work with families to improve levels of adult employment, reduce youth crime and improve school attendance. The aim of the grant is to reduce the burden on councils by these families. Enfield will be receiving grant to work with 5/6ths of the agreed cohort of 775 families.	The grant conditions allow for the grant to be carried forward at year end with no repayment to the DCLG if not spent within financial year it was received. Due to this condition the spending plan of this grant is not restricted.	The nature of the Troubled Families agenda impacts on a wide range of the Councils key priorities, the indicative key success measures are to ensure a reduction in Crime and anti-social behaviour, young people are attending schools and parents are back into employment. The families likely to be encompassed by this programme are those who have a range of complex needs, there is also an indication from the Home Office that those who may be involved in gang violence will be included.		1,590.0		

Schools & Children's Services Project Carry forwards 2013/14				2013/14	2013/14	2013/14	2012/13
Form	Purpose of Project / Grant	Reason for slippage	Contribution to Council's Strategic Objectives	PCF £'000	Grant £'000	Reserve £'000	PCF £'000
SCSGR3	Childrens Social Work improvement Fund The bulk of this grant was distributed by the CWDC from 2011 to 2013 as the Social Work Improvement Fund (SWIF) which was a one-off ring-fenced grant. The purpose of this grant is to support the social work improvements plans of local authorities in line with the requirements of the Social Work Reform Board, the Munro Report and the social worker registration requirements with the Health and Care Professions Council for Continuing Professional Development. In addition to the SWIF grant the Dept for Education (DfE) also funds the Assessed and Supported Year in Employment (ASYE) for all newly qualified social workers (NQSWS) as this is a key component of the Social Work Reform Board recommendations. the DfE has asked fro this grant to be rolled over into the new financial year to enable NQSWS to continue to be supported in their ASYE in line with national requirements.	In order to make best use of this funding it has been necessary to plan for its spend across 13/14 and 14/15 in order to ensure best value and sustainable initiatives are funded in line with the requirements. All programmes to be funded by this grant have been prioritised by the Children's Services Division Operational Management Team.	The Social Work Reform agenda which is funded by this ring-fenced grant, aims to improve the delivery of the social work services to vulnerable children and families which meets the Council's objective of "Fairness for All".		204.0		
SCSGR4	Local Safeguarding The Local Safeguarding Children's Board is a statutory body and the Children's Act requires each local authority to establish one. The LSCB Fund holds contributions from partners such as Health, Police and Probation and income raised from training events.	The activities of the LSCB are ongoing and not restricted by financial years nor are they strictly under Enfield SCS control as the LSCB involves partner agencies. During 13/14 it has not been necessary to fully spend the funds available.	This project funding will contribute towards ensuring a high quality service which helps keep children safe. We have projects planned which will utilise the budget in terms of our training programme and other activities aimed at raising awareness about safeguarding in the community. This includes the creation of a part time post for leading the Board's activities around tackling child sexual exploitation and the carrying out of a thematic SCIE review into serious cases. All these priorities form part of the ESCB Business Plan for 2014 - 16 and have been agreed by partner agencies as effective use of funding for 2014 - 2015.		55.0		
SCSGR5	Social Work The immediate purpose of the grant is the local promotion of practice teaching, learning and assessment in social work education at qualifying level, with a view to enhanced recruitment prospects across the social worker profession generally.	Slippage is inevitable, given the asymetry of financial and academic years. Placements are commissioned by uiversities at the beginning of the academic year, i.e.	While demonstrably relevant to the Council's strategic aims/objectives as a whole, the grant contributes most immediately to the aim of "FAIRNESS FOR ALL", and to the objectives of "PROVIDING HIGH QUALITY, AFFORDABLE AND ACCESSIBLE SERVICES" in general and "ENABLING YOUNG PEOPLE TO ACHIEVE THEIR POTENTIAL" in particular. With a strategic eye to continuing problems in social worker recruitment and retention, this grant (a) facilitates a steady supply of Newly Qualified Social Workers and (b) enhances their readiness for statutory work in the service of children and families.		23.0		
Total				120.0	1,908.0	-	-

Corporate Items Outturn Position 2013/14

APPENDIX 7

Notes	Corporate	Latest Controllable Budget £000's	Service Net Expenditure £000's	Adjustments for Outturn	Budget Variation £000's	New Reserves 31 March 2014				Service Net Expenditure plus Reserves £000's	Outturn Variation to Latest Budget £000's
						Project Carry Forward	Grant Reserves	Other Reserves	Total New Reserves		
						£000's	£000's	£000's	£000's		
	Levies										
	North London Waste Authority	5,161	5,161		0				0	5,161	0
	NLWA Reserve	1,147	1,147		0				0	1,147	0
	Environmental Agency	206	206		0				0	206	0
	Lee Valley Regional Park	287	287		0				0	287	0
	London Pension Fund Authority	351	351		0				0	351	0
	LPFA Sub-Pension Fund	133	133		0				0	133	0
	London Borough Grants Scheme	344	344		0				0	344	0
	Contingency										
1	Contingency and Contingent Items	70	0		(70)				0	0	(70)
2	Government Non-Ring Fenced Grants	(12,766)	(12,936)		(170)				0	(12,936)	(170)
	IT Investments Fund	(1,184)	(1,184)		0				0	(1,184)	0
3	Other Adjustments including Bad Debts	(496)	(622)		(126)				0	(622)	(126)
4	Transfers to/ from reserves	(341)	(422)		(81)	449		262	711	289	630
	Minimum Revenue Provision	10,786	10,786		0				0	10,786	0
	Treasury Management	6,972	6,973		1				0	6,973	1
	2013/14 Service Budget	10,670	10,224	0	(446)	449	0	262	711	10,935	265
	Project Carry Forwards 2012/13								0	0	0
	Total 2013/14 Net Expenditure	10,670	10,224	0	(446)	449	0	262	711	10,935	265

1 Remaining budget not allocated to services or transferred to reserves.

2 Additional in year Government grants notified and received after setting the budget.

3 Savings mainly due to lower need to set aside provision for bad debts on general fees and charges.

4 Transfer of net surplus on the General Fund to Project Carry Forwards and Transformation as shown on attached appendix.

Corporate Budgets	2013/14 PCF	2013/14 Grant	2013/14 Transformation Reserve	2012/13 PCF
Purpose of carry forward	£'000	£'000	£'000	£'000
Social Workers Social Workers.Contingency set aside for sufficient staff to enable the allocation of statutory cases	249.0			
Capital Set aside resources for one-off feasibility and other initial costs of new capital projects	200.0			
Transformation Corporate contribution to the transformation programme			262.2	
Total	449.0	-	262.2	-

Reserves & Balances 31st March 2014

APPENDIX 8

This Appendix sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2013/14.

Reserves and Balances 2013/14	Balance at 31 March 2013 £m's	Net Transfers 2013/14 £m's	Balance at 31 March 2014 £m's
Housing Revenue Account			
HRA Repairs Fund	3.30	(1.80)	1.50
HRA - Capital Reserve	12.10	1.60	13.70
Total HRA	15.40	(0.20)	15.20
General Fund			
Commitments Reserve	9.00	(3.90)	5.10
Risk Reserve	2.40	4.30	6.70
ICT Investment Fund	6.60	(0.20)	6.40
Interest Rate Equalisation Reserve	4.00	0.60	4.60
Insurance Fund	3.50	1.80	5.30
Council Restructuring Reserve	2.30	(0.10)	2.20
General Fund - Capital Reserve	6.90	(1.90)	5.00
Sustainable Service Development	1.70	(0.60)	1.10
European Social Fund	1.30	(0.60)	0.70
Repair & Maintenance	1.80	(0.20)	1.60
Residents Priority Fund	1.20	(0.60)	0.60
Welfare Benefits Reserve	3.70	1.10	4.80
Council Development Reserve*	1.70	3.00	4.70
Projects Reserves	19.80	(0.50)	19.30
Sub Total	65.90	2.20	68.10
Dedicated Schools Grant Reserve	4.90	2.20	7.10
S106 Receipts	0.60	0.00	0.60
Public Health	0.00	1.20	1.20
Total General Fund Reserves	71.40	5.60	77.00
Total Earmarked Reserves	86.80	5.40	92.20

* £3.2m transformation contribution with £0.2m applied in 2013/14

A brief description of each reserve is as follows:

HRA Repairs Fund

The fund provides resources to help fund the maintenance of the council's social housing stock.

HRA - Capital Reserve

The reserve helps fund capital investment to improve the council's social housing stock and meet the Decent Homes Standard.

Commitments Reserve

Funding for revenue projects that are not completed by the year end is carried forward to meet any outstanding expenditure commitments in the following year. This includes revenue grants not fully spent in 2013/14.

Risk Reserve

The Council has a number of known pressures and future commitments which will require one-off funding in later years. This reserve is held to meet any costs over and above the budgets set at the start of the financial year to meet these pressures and commitments.

ICT Investment Fund

This fund is used to finance the Council's investment in new IT which will result in efficiency and service improvements.

Interest Rate Equalisation Reserve

This fund has been set aside to meet in year fluctuations in market interest rates that may result in additional costs to the Council either because of higher interest on short term borrowing or reductions in interest earnings on short term deposits.

Insurance Fund

This is set aside to meet the Council's self-insured risks and other insurance related pressures.

Council Restructuring Reserve

The Council is constantly looking to improve efficiency and this fund helps meet any one-off related expenditure including staff severance costs

General Fund - Capital Reserves

This reserve helps fund the Council's capital investment (excluding social housing) and also a vehicle replacement programme.

Sustainable Service Development

This fund is available to help build the capacity of communities in the borough.

European Social Fund

This fund aims to attract European funding into the borough to improve the employability of the unemployed and economically inactive people in Enfield.

Repair & Maintenance

This reserve meets fluctuations in the cost of maintaining council buildings that is in excess of the annual budgetary provision for building maintenance.

Residents Priority Fund

This balance is the carry forward of approved but unspent monies awarded to improve local communities

Welfare Benefits Reserve

This reserve is held to mitigate pressures arising from recent welfare reforms, including changes to housing & council tax benefits.

Council Development Reserve

This reserve helps support the implementation of the Council's initiatives, and funds various "one off" projects. The reserve has been increased in 2013/14 to meet future costs of the Council's service transformation programme 'Enfield 2017'.

Projects Reserves

Various reserves held by services to finance projects to meet Council priorities and improve services to residents.

MUNICIPAL YEAR 2014/15 REPORT NO. 17**MEETING TITLE AND DATE:**

Cabinet 23rd July 2014

REPORT OF:Director of Finance, Resources &
Customer Services**Contact:**Isabel Brittain Tel: 0208 379 4744
Ian Slater Tel: 0208 379 4034

AGENDA - PART	1	ITEM: 8
SUBJECT – Capital Outturn 2013/14		
Cabinet Member consulted: Councillor Andrew Stafford		

1. EXECUTIVE SUMMARY.

- 1.1** The purpose of this report is to inform Members of the capital investment undertaken in 2013/14, and the way in which it has been funded. The report also includes the outturn position for the Prudential Indicators.
- 1.2** The report shows that in 2013/14 the Council's capital expenditure amounted to £108.3m compared with the latest programme of £121.2m. The resulting favourable variance of £12.9m is comprised of £4.6m Housing projects and £8.3 of General Fund projects. This is mainly due to re-profiling of schemes where the resources will be carried forward to 2014/15.
- 1.3** Details of the service achievements and an analysis of the variations are contained in the report and Appendix 1.

2. RECOMMENDATIONS.

- 2.1** That the achievements and improved outcomes resulting from the Council's investments in capital projects are noted.
- 2.2** That the funding of the Council's capital expenditure as set out in this report be agreed (paragraph 5.3).
- 2.3** That the outturn for the Council's prudential indicators be noted (section 6).

3. BACKGROUND

- 3.1** The Council's Capital Programme for 2013/14 to 2015/16 was agreed by Council on February 2013. The Capital Programme has been monitored on a quarterly basis and quarterly reports have been considered by Cabinet in September 2013, November 2013 and March 2014. This outturn report represents the 4th quarterly monitoring report for 2013/14 and a summary for the year.

4. PRINCIPAL ACHIEVEMENTS AND OUTCOMES

4.1 Overall the Council spent some £108.3m on capital projects in 2013/14 compared with the latest programme of £121.2m. The principal achievements resulting from capital investment in 2013/14 are summarised below.

4.2 SCHOOLS AND CHILDREN'S SERVICES

In 2013/14 the main priority was again to ensure sufficient accommodation was planned and/or secured to meet the continuing and further increasing demand for primary school places. During the financial year new permanent accommodation was created for an additional 150 reception places (five forms of entry). A further 90 reception places (three forms of entry) have been provided in existing or temporary accommodation pending the commencement of works on permanent buildings that will support the full expansion. Ultimately as construction works proceed in future years the expansion works funded in 2013/14 will provide permanent accommodation in local authority schools for an extra 2,100 primary pupils across all year groups.

As in 2012/13 a very significant proportion of the capital funding had to be prioritised for basic need projects with new Department for Education funding, such as the Targeted Basic Need grant, being used to reduce the call on general resources and the Council's borrowing requirements. The consequence was that very few resources were available for new non basic need projects such as schools condition works.

The principal achievements were as follows:

- Phase 1 of the Primary Expansion Plan is now advanced with construction activity in progress at a number of schools. Phase 2 is underway with the identification of sites and the design works underway.
- The purchase of a site and the design of a new Pupil Referral Unit to replace the Secondary Tuition Centre in 2014.
- Adaptations to buildings and the purchase of equipment to increase short break opportunities for disabled children through a capital grant of £434k secured by the Council.
- Completion of pre Primary Expansion Programme school expansion schemes at Capel Manor Primary School and St Matthew's Edmonton Annex.
- Works to create a new nursery on the Rosemary Avenue site in September 2013 together with the design of a new Art and Music Block at Enfield County Lower School for completion in September 2014.

4.3 REGENERATION, LEISURE AND CULTURE

Neighbourhood Regeneration

Ponders End

○ The Electric Quarter

Work progressed on delivery of the Electric Quarter, with the demolition of the former Police Station, completed in December 2013.

The Council is in the process of acquiring land and property interests required for the scheme with agreement reached on the purchase of 188 and 198 High Street. Heads of Terms for land forming part of the former Middlesex University Campus has been agreed, subject to call-in and will be concluded in 2014/15.

The Council's approved Delivery Partner, Lovell is in the process of preparing detailed planning application for the whole scheme and it is anticipated that a revised planning application will be submitted autumn 2014.

- **Ponders End South Street**

Phased public realm works to promote safety and improve access to the east of South Street were completed, including implementation of speed tables and a cycle refuge. Future phases will focus on raising the quality of station square and improving access at the station. This will complement the Alma Estate Regeneration Programme

- **Ponders End Waterfront**

Initial works to clear the waterways ahead of Phase 1 implementation were completed. The project will provide a new nature reserve, canoe facilities and community growing space.

- **Outer London Fund 2**

Outer London Fund 2 is concentrated on improvements to town centres along the A1010 corridor, specifically Ponders End, Enfield Highway and Enfield Wash. In addition to partially supporting land assembly for the Electric Quarter, work is underway to refurbish the Enfield Business Centre to encourage greater uptake of services aimed at business start-ups and complete two gateway public realm projects.

- **New Southgate**

Delivery of projects identified in the New Southgate Master plan continues with physical improvements to three open spaces along the High Road. In addition to the works to the High Road Open Space completed in June 2013, Grove Road Open Space (Locally known as - The Bombie) has recently undergone a makeover, with new pathways, seating and a natural play area for young children. Additional works to improve the public realm along the High Road along the parade of shops began in January 2014 and are nearing completion.

- **Meridian Water**

Since the adoption of the Meridian Water master plan in July 2013 Meridian Water continues to progress well and is now seen as a front runner for GLA Housing Zone Status, with land assembly progressing well.

Angel Gardens has progressed well with detailed designs nearing completion and site works due to commence in the next six months.

Key infrastructure improvements are being developed with specialist consultants and the primary school is due to open in September 2015

○ **Edmonton Green**

A Master plan for Edmonton Green is in preparation. Projects in development include 'Greening the Green' and detailed feasibility to commercially redevelop the railway arches as part of this project, in conjunction with the mini Holland (Cycle Enfield) delivery programme. The total project depends on funding from partners i.e. network rail and GLA, hence slippage into 2014-15.

○ **Market Gardening**

With the finalisation of the agreement with the GLA, a three acre food growing project was delivered at Forty Hall Farm. A vegetable box scheme, Enfield Veg Company, was launched in November 2013, and has a customer base of 30 customers presently, with plans to expand to 120 customers by 2015. Capital funding will support the creation of new community food growing spaces by providing infrastructure and materials over the next 15 months.

Heritage & Design

○ **The Crescent**

The repair and enhancement of this prominent listed Georgian terrace in Edmonton is well advanced. The Council led works to the private properties have been substantially completed. A total of twenty three freeholder / long leaseholders in thirteen properties have benefitted from the Council's investment in the regeneration of the area through these grant aided works. The project has provided each of these properties with:

- A new dwarf boundary wall topped with railings and gate, in most cases with intercom access control;
- Railings dividing the front gardens;
- Topsoil and turf to front garden and paths where these were needed;
- Repair and redecoration of front façade;
- Hard standing at rear for bins and cars, with lockable bollards;
- Timber fence and gate to rear garden; and
- Restoration of lost architectural features where needed.

Bounces Lane at the rear has been upgraded and refuse storage and collection now takes place from the rear removing the need for bin stores at front of the building.

The remaining 12 properties are owned by Newlon Housing Trust which is currently completing works to the front gardens of each property. Newlon is also developing the specification of works and preparation of a programme for the complimentary restoration and

enhancement works of its properties, ready to start on site in the summer 2014.

Outline designs are in preparation for the enhancement of the Monmouth Road Open space, to be implemented once the contractor's compound has been removed. Work is underway, in partnership with Newlon, on a project exit strategy that looks at how the improvements can be protected and further enhanced through more integrated management arrangements for the terrace.

- **Broomfield House.**

The Council has been supporting and facilitating the Broomfield House Trust and Friends of Broomfield Park in a community led proposal for the restoration of Broomfield House as a heritage and learning centre, through a Heritage Lottery Fund bid. The vision is that the restoration of Broomfield House is Phase One of a larger project. Phase Two will comprise a further bid to the HLF under the Parks for People Programme.

Last year the Council's bid to the HLF (for £4,175,000) was rejected by the HLF Board of Trustees. Trustees were concerned about the scale of the restoration required; the level of grant requested and long term viability. Since this time, the Council has been continuing to support the Trust and Friends in evolving their proposals, in an attempt to address the HLF's concerns and pave the way for a future more successful proposal. Representatives of the Council have recently met with the Trust / Friends, a professional fundraiser, the HLF and English Heritage to take this forward.

Leisure & Culture

- **On-going Capital investment in Leisure Centres**

The Leisure Centre Capital Development programme is reaching its conclusion with the last facility Edmonton Leisure Centre finished in December 2013. We are hopeful that the retentions for Southgate and Albany will be settled during 2014 -15 but will not release this yet as we are of the opinion that the contactors still have some snagging issues to finish to the Council satisfaction. The retention for Edmonton will be released in December 2014. Otherwise we believe we have completed the Leisure Centre programme as proposed in the original report

Library and Museum Service

- **Palmers Green Library**

Although the major refurbishment on the library will not begin until August 2014, work has already been undertaken to split the services between Southgate Town Hall and Palmers Green Library, following the sale of the Town Hall for residential development. The annexe has already been demolished, including the existing Children's Library and work has started on the redevelopment of the Town Hall site. This has

meant some works to the main library to ensure that it remains fit for purpose until it closes for the major works to take place.

- **Enfield Town Library**

Enfield Town Library re-opened in March 2010 after major refurbishment and extension. The building has been well received by the public, and also won a London Planning Award. Carbon reduction and ecology were important design considerations and it has been officially graded 'Excellent' for sustainability.

The design of the heating and cooling system is however very complex; it has components extracting energy from both under the ground in front of the building, and from the air at roof level, plus a supplementary gas boiler. Balancing the hydraulic water flows within the system, and resolving issues with the controlling software, could not be completed within the initial 12 months contractual Defects Liability Period. It has taken a series of investigations and modifications to the heating and cooling system over a further two years to address these issues, and it was deemed to be working fully as intended in September last year.

4.4 ENVIRONMENT AND STREET SCENE

The delivery of the Environment Department Capital Programme is broadly in-line with agreed timescales and objectives.

Highway Services

The planned maintenance of Carriageways and Footways was undertaken in accordance with the principles set out in the Highway Maintenance Plan. The planned maintenance priorities ensure the most cost effective treatment at the right time for whole life asset management and improved customer satisfaction. Planned interventions lead to savings in the long term by treating deteriorations early. Enfield's road network has generally not deteriorated due to sustained capital investments, but it still had a number of carriageways which were life expired and in need of treatment. Therefore until such backlog can be treated, the principle of worst first forms a significant element of the Council's scheme prioritisation.

As per the principles set out in the Highway Maintenance Plan, Enfield Council resurfaced or reconstructed 18.13km of Carriageways, which included the use of recycled road materials on 5.3km saving approximately 450 tonnes of CO₂; thereby reducing air pollution, which contributes towards an improvement in public health. In addition Enfield Council resurfaced or reconstructed 5.6km of Principal Roads, which are funded from the Local Implementation Plan (TFL).

The Footway Replacement Capital Programme was used to renew 13km of footways, bring them back to a reasonable standard across the Borough.

In 2013/2014 the Council planted a total of 411 new highway trees by removing deteriorating tree stock and replacing with young healthy trees. If maintained on an annual basis, this will provide a constant stock of healthy, well maintained trees on the borough's highways, resulting in reduced maintenance costs and reduced potential claims against the borough and also reducing air pollution, which contributes towards improvement in public health.

Enfield Council also implemented improvements to the drainage systems in The Ridgeway, Whitewebbs Lane, Mollison Avenue and Meridian Way and

implemented Street Scene improvement schemes at Library Green Enfield and enhanced the Turkey Street Station Gateway and the Holmesdale Gateway.

The introduction of trimming and dimming technology throughout the Borough; together with a centralised monitoring system enables the PFI service provider to provide flexibility on the brightness level and operating times of streetlights. This will achieve long term savings in energy usage and reduction in costs. To date 95% of the programme is complete and fully operational and the remaining 5% is anticipated to be completed in early 2014/2015.

Traffic & Transportation

The Council submitted its Local Implementation Plan Annual Progress Report to the Mayor of London via Transport for London. The report set out a range of schemes to help delivery of both the Mayor's Transport Strategy and the Council's own priorities, including extending the Greenway network and a range of road safety initiatives, which were formulated following consultation with both the public and key stakeholders.

The Local Implementation Programme directly contributes to the Council's priorities, for example the bus stop accessibility programme will help enable people with impaired mobility to access the bus network and promoting cycling will help provide residents with a cost effective and healthy alternative to public transport and car use.

As per the agreed Local Implementation Plan; Enfield Council spent £4,140k Capital and £968k Revenue (Total £5,108; TFL funded) on the delivery of a range of traffic improvement and safety schemes, including 3km of Greenways, 15 20mph schemes serving 20 schools, 4 CPZ schemes, Bus Route Improvements, Bus Stop Accessibility, Bus Route Improvements, Road Safety Measures, Smart Travel (Cycling and Driving Initiatives), Station Access and other Traffic and Transport Initiatives.

The programme of works or measures set out above represent vital investment in the improvement and renewal of the transport infrastructure, particularly supporting regeneration and environmental enhancements with clear beneficial impact on climate change, improved public health, particularly those that seek to promote active travel and reduce harmful emissions.

Environmental Protection

The Council's Alleygating programme is successful in tackling fly tipping, other opportunistic crime, rear entry burglary and antisocial behaviour. The gating schemes demonstrate Enfield's commitment to dealing with crime and antisocial behaviour in a highly practical and visual way. In 2013/14 Enfield Council installed 68 Alleygates, which will enhance community safety and provide a cleaner and safer environment for Enfield residents, by reducing crime or fear of crime, fly tipping and other antisocial behaviours.

The Council's Graffiti Action Team since its formation has significantly reduced the amount of graffiti on Enfield's streets and public open spaces. Street washing makes a huge difference to levels of cleanliness for residents and businesses. However the equipment used by the team was over eight years old, which was leading to increased breakdown and hence the need for replacement of the machinery. As a result the Graffiti Action Team has successfully acquired Graffiti & Street Washing Equipment, which will have a

positive impact on the street washing programme and enable the team to lessen the current environmental impact they are having with the outdated equipment.

Community Safety

The Enfield Public Safety Centre office is owned and managed by Enfield Council. Currently the centre is responsible for monitoring all council owned community safety cameras in public places including those on housing estates, internal building CCTV cameras for other Enfield Council's Services. The centre also carries out traffic enforcement on behalf of Transport for London helping to reduce congestion, keep bus lanes open and enforces local breaches in parking and traffic legislation. The centre also supports the Metropolitan Police and an officer is based on site full time to collect & analyse any vital evidence footage, as well as responding to new incidents.

The CCTV Camera Replacement Programme and the three year CCTV expansion programme (12-13 to 14-15) are progressing to plan and on budget. CCTV cameras were installed or replaced at various locations; enabling increased coverage of Enfield and providing essential assistance to the Metropolitan Police for incident management and evidence production. The public safety cameras have a positive impact on improving safety, deterring criminals and reducing anti-social behaviour.

The Council has placed thirty six new street cameras around the borough to cover flood defence monitoring, traffic enforcement near schools to deter dangerous parking practices as well as the critical addition of new community safety cameras. In addition, CCTV which is already established at town centres has been efficiently linked with the EPSC system to provide more seamless coverage and reduce the opportunity for crime.

The CCTV system is recognised as one of the best in London and the service is working in partnerships to increase income generation by providing services for other clients. The service has incorporated resilience measures to enable them to increase the range of services provided in the future and will continue to work with industrial and commercial areas in order to support regeneration proposals for the borough.

Replacement of Wheeled Bins

The full implementation of the borough wide wheeled bin project took place in 2012/13, which resulted in further waste diversion savings, improved recycling performance and residents satisfaction. To date about 250,000 Wheeled Bins have been rolled out across the borough and 1050 Wheeled Bins (0.42%) of the rolled out bins have been replaced in 13/14 for various operational reasons.

Enfield Council's bid to the Department for Communities and Local Government (DCLG) weekly collection fund was successful in securing £2.4m; to support current and new waste and recycling services. This will enable the Council to invest on new vehicles and waste containers to enhance recycling in estates in the next two to three years. The DCLG grant was carried forward to 2014/15; as the project commenced late due to the timing of the award of the funding/grant. Progress of the project deliverables is on track.

Parks

Forty Hall Park Landscaping Project: Heritage Lottery Fund (HLF) awarded Enfield Council a grant of £1.8m, to restore the grounds of Forty Hall to its 17th & 18th century splendour. The landscaping works will, as part of the Project, improve the visitor facilities at the Park and restore century historic features. Work commenced in January 2014 and it is estimated the landscaping works will be completed by January 2015.

The council also obtained S106 funding for the construction of Aldersbrook Avenue Recreation (Play Equipment) and a Town Park Water Feature. Aldersbrook Recreation Ground project is currently in the planning stage following a consultation exercise earlier this year and is planned to be completed in 2014/15. The Town Park boating lake rejuvenation project is also underway and contractors are already on site.

In 2012 a grave reuse pilot utilising vaulted graves and mausoleums was undertaken at Edmonton Cemetery. Following the success of the pilot approval was given to extend the trial to ensure the most effective use of the available burial space within the Borough and maximise income opportunities. Construction of the mausoleum & burial chamber interment facility in Edmonton Cemetery is progressing as per the agreed plan.

The Council has successfully completed the drainage and Landscaping works at Whitewebbs Golf Course, with the works completed in October 2013 and are operating effectively.

In addition due to a need of urgent investment in grounds maintenance equipment, the Parks Operation Team completed a successful acquisition of a Mobile Elevated Working Platform Equipment.

Vehicle Replacement Programme

A review of the Parks service and resources was carried out in 2011 which included an examination of arrangements for the provision and maintenance of Parks vehicles and equipment identified, amongst other things, the need for urgent investment in grounds maintenance equipment, vehicles and machinery. As a result; a procurement exercise was facilitated and the following equipment were acquired, 3 Ride on Mowers, 1 Rotary Front line Mower, 1 Flail head Mower, 2 Fine Cut Pedestrian Mowers, 1 Rotary Pedestrian Mower and other hand held Parks Grounds Maintenance Machinery and Equipment.

In addition; Street cleansing Services successfully completed the purchase of two Green Applied Street Sweepers. This will enable the Council to deliver cleaner streets including local footpaths.

Depot Relocation

Corporate Management Board, on November 29th 2011, approved a Report of the Director of Environment to acquire a new depot for the existing Depot functions. Approval was given to enter into an Agreement for long term lease for the preferred site (Morson Road Depot).

The move to the new Depot was completed as per the agreed timetable and the Depot became fully operational in early July 2013. The actual expenditure includes the decommissioning costs of the former Depots and the redevelopment of Bury Lodge Depot. The Move was successfully completed

for all services and Carterhatch and Advent Way cleared and handed over to landlords and Bury Street West Depot works has also been completed.

Parking

Palace Gardens is a 543 space Car Park which has been a Pay and Display car park since 1992. The Council relocated some Parking Bays and successfully introduced an Automatic Number Plate Recognition (ANPR) technology in the Palace Gardens multi-storey car park. ANPR uses new camera technology to record all vehicle registrations as they enter and leave the car park.

Building Improvements Capital Programme

The Councils Repair and Maintenance fund aims to ensure corporate buildings and their surroundings are fit for purpose. Properties are maintained via three main work streams, reactive, planned and maintenance plus other improvement works. The 2013/14 Building Improvements have been delivered within the agreed framework, by carrying out the following works; refurbishment, remedial works, tree works, mechanical, electrical, structural, health & safety repairs, Parks resurfacing works have been undertaken across various Council dwellings and Day Centres. Pressure on the programme continues as it is asked to cover a wide remit including at present non HRA dwellings.

Due to intermittent leaks arising from the plant room on the 11th floor, the 10th floor was vacated as a precaution and essential repairs work; necessary to address the leaks to ensure suitable and safe accommodation were carried out. The refurbishment was successfully delivered, plus new main boilers and heat exchanger have been installed as part of the plant room works. These will add to the energy savings being realised through the REFIT programme. In addition B block north meeting rooms were completed and the replacement of hot water supplies is progressing to plan.

Disability Access Programme (DDA)

Local Authorities have a duty under the Equalities Act 2010 to make reasonable adjustments to their buildings to eliminate discrimination. In compliance with the Act; approval has been given to undertake access improvement works at Wheatsheaf Hall, Park Avenue Mental Health Resource Centre and Minchenden Oak Garden. The individual projects will be delivered within the timescales agreed with users.

The REFIT Programme

The REFIT programme has been developed and promoted by the Mayor of London and the Greater London Authority (GLA) in order to assist public bodies in London to reduce energy consumption. The project aims to deliver energy savings through the installation of various Energy Conservation Measures.

Due to the current cost of energy and the likelihood of further increases in the future, Enfield Council undertook energy efficiency measures to its corporate buildings and schools; the project was partly funded by an interest free loan from Salix, which funded the Schools costs of the energy conservation measures, as it stands 95% of the works have been completed, which include the replacement of the Civic Centre Chiller and energy conservation measures across various schools, Civic Centre and the Millfield Theatre.

4.5 CORPORATE

Corporate Property

Southgate Town Hall and Library Refurbishment Programme (Phase 1): Separation of services from Southgate Town Hall and the demolition of the western annexe have been completed. The library re-opened on the 3rd February to provide a fully operational service until 26th July 2014, when the Phase 2 - Major Refurbishment to the Library will commence.

4.6 HEALTH AND ADULT SOCIAL CARE

Health & Adult Social Care

Replace New Options Day Centre for Learning Difficulties clients

A demolition contractor was appointed in May 2013 and the demolition of the College Farm buildings was completed in August 2013. Although construction on site was due to commence in October 2013, it was delayed as the contractor required a longer mobilisation period than anticipated. A topping out ceremony was held in March 2014, attended by the Chair of the Friends of the Park (for Albany Park), Cabinet Member for Adult Services and Care, Leader of the Council and representatives from the service. This was a successful event that showcased the progress made with this development and was featured in the local press as a good news story. The project is progressing and should be completed during the second half of 2014/15, so planning for the transition is underway and service users and their carers are fully engaged in this process.

Reprovision of Adult Social Care facilities on the Elizabeth House site

The Council, in a Cabinet report in July 2013, agreed to borrow to fund the building of the new Nursing Care home known as the Reprovision Project. The best way to procure an experienced builder of care homes was considered and the IESI framework was agreed and signed up to. Currently we are in the second stage of the process to select one experienced firm to build this home. We have engaged architects to design the building and pre-planning applications have been made. The onsite build should begin in autumn 2014. A tender for the service provision will take place during the building process.

Ordnance Unity Centre

Following demolition at the site of the former Ordnance Road Library, the frame of the new building has been completed and the windows and internal partitions are in place. A temporary library was opened prior to demolition to ensure continued service provision. A Topping Out ceremony was held in March 2014 attended by a number of Cabinet Members and Ward Councillors. This was a successful event that showcased the progress made and was featured on the front page in the local press. Internal works are underway, and completion is anticipated during the second half of 2014/15.

4.7 HOUSING: NON-HRA

Community Housing Programme

Private Sector Housing made a total of 195 Disabled Facilities Grants (DFG) adaptations in 2013/14 of which 158 were for completed works, totalling £1,691m. These Grants are to adapt privately owned property so that Enfield service users are able to remain safely and independently in their own homes.

Private Sector Housing completed 72 Discretionary Grants (for Small Works Assistance, Decent Homes Grants and Safe Homes Grants) to private residents. This has helped those that are elderly, vulnerable or on benefits to carry out necessary repairs to their properties which otherwise would leave them living in property that would not meet the Decent Homes Standard.

Under funding from the North London Sub Region, Private Sector Housing have been able to offer additional Decent Homes Grants to Enfield residents where there is a vulnerable person living in a privately owned property and have a Category 1 Hazards (this is serious defects under the Health and Housing Rating System). This project was for £750,000 over a two year period and so far we have completed, 34 CAT 1 Hazards grants, 159 Decent Homes grants with approximately further 12 in the system (awaiting either to be assessed/approved/completed) with the remaining £37,500 still to be paid.

Affordable Housing Programme – 2013/14

In November 2013, the Development Team completed the acquisition of a 3 bed house i.e. 171 South Street. Contractors Moyglen were appointed in April to carry out extensive refurbishment works. The works are now underway and will be completed by July 2014 in time to support the Alma decant programme.

In January 2014 following acquisition of 2 flats and the freehold, the Development & Estate Renewal team completed the refurbishment of 2 x 1 bed flats 167/167a South Street to support the Alma decant programme. The properties, which were available for let to Alma tenants who require a double decant, are being charged at council rents but let on a licence to enable them to be used for the duration of the estate renewal project.

4.8 HOUSING- HRA

In 2013/14 the budget for HRA Works to Stock was £48.524m. The actual expenditure was as follows; £33.320m was spent on works to improve Enfield's Housing Stock, £0.461m was used to fund Grants To Vacate (enabling tenants to move, freeing up properties to be re-let) and £0.079m was spent on Community Halls, giving a total spend of £33.860m.

The resource balance of £16.466m was fully committed in 2013/14 and will be spent in 2014/15. The Decent Homes grant allocation of £12m was fully utilised.

The expenditure for works to stock in 2013/14 included:

- £21.759m (including £12.000m of GLA Decent Homes Grant) was spent on making 1,337 properties decent. This delivered 592 kitchens, 535 bathrooms, 117 central heating systems, 1,210 windows, 1,065 doors, 524 rewires and 1,188 roofs;

- £11.560m was spent on Landlord Obligation Works, including £1.517m on the Lifts Replacement Programme, £1.525m on Adaptations, £0.266m on Fire Precautions, £0.989m on Water Safety works, £0.921m on Estate Improvements, £0.196m on Security (for the fitting of door entry systems and related works), £0.610m on Environmental Improvements and £1.849m on the Alma Road Heating Riser replacement.

Enfield Homes received its ALMO two-star status from the Housing & Communities Agency (HCA) in 2009/10, and was awarded an initial £64m for the first three years of its Decent Homes Programme. A further allocation of grant funding amounting to £44.606m has been awarded for the period 2012/13 to 2014/15.

Responsibility for the Decent Homes is now with the Greater London Authority (GLA), with Decent Homes funding having become a grant since 2012/13, paid quarterly in arrears, against an agreed profile of quarterly targets for expenditure and homes made decent

Actual funding for the Decent Homes Programme received so far is as follows:

1. 2009/10 - £14.5m HCA Approval
2. 2010/11 - £34.0m HCA Approval
3. 2011/12 - £14.0m HCA Approval
4. 2012/13 - £18.0m GLA Decent Homes Grant Allocation
5. 2013/14 - £12.0m GLA Decent Homes Grant Allocation

The total Decent Homes funding received to 31 March 2014 is £92.5m. The funding for 2014/15 has been confirmed as £14.606m, subject to performance.

5. FINANCIAL OVERVIEW

- 5.1 Table 1 below summarises changes to the Approved Programme Quarter 3 for external funding and re-profiling which do not impact on the use of general resources.

TABLE 1	£'000
Capital Programme Quarter 3	112,763
TFL Schemes	(82)
Highways	23
Alleygating	25
Parks	(12)
Vehicle replacement	32
Building improvement schemes	(65)
Southgate Town Hall / Library	715
Housing Improvement Grants	(82)
Schools	184
HRA	7,742
Quarter 4 Programme	121,243

- 5.2 Table 2 shows the capital expenditure incurred in 2013/14 compared to the updated programme. The re-profiling of original capital budgets throughout the year will impact on the 2014/15 total budget:

TABLE 2
Capital Expenditure
2013/14

	Q4 2013/14 Budget	2013/14 Outturn	Variance	Re- profiling	(Under) / overspend
	£000's	£000's	£000's	£000's	£000's
General Fund					
Schools & Children's Services	26,974	25,742	(1,232)	(1,232)	0
Environment	22,903	20,904	(1,999)	(911)	(1,088)
Regeneration, Leisure & Culture	5,027	3,300	(1,727)	(1,611)	(116)
Housing, Health & Adult Social Care	4,476	3,517	(959)	(930)	(29)
Corporate	5,259	2,887	(2,372)	(2,369)	(3)
Sub-total	64,639	56,350	(8,289)	(7,053)	(1,236)
Schools Devolved	5,141	5,141	0		0
Total General Fund	69,780	61,491	(8,289)	(7,053)	(1,236)
Housing Revenue Account	51,463	46,803	(4,660)	(4,659)	(1)
Total Capital Expenditure	121,243	108,294	(12,949)	(11,712)	(1,237)

The principal outturn variances by programme are shown in more detail in **Appendix 1**. The Quarter 1 monitor in the new financial year will include details of re-profiling from 2013/14. The latest 2014/15 programme, including reprofiling, will be reviewed as part of the budget process to ensure all schemes are affordable with the Medium Term Financial Plan and meet corporate priorities.

5.3 The capital spend was financed as set out in the following table:

Source of Funding	£m
Borrowing	16.4
Capital Grants and Contributions	53.3
Capital Receipts	13.0
Direct Revenue Contributions	12.1
Major Repairs Allowance	13.5
Total funding required to finance capital expenditure	108.3

Prudential borrowing is funded from within the overall Council budget under the prudential code framework.

6. PRUDENTIAL INDICATORS

6.1 In setting the budget for 2013/14, the Council also set certain prudential indicators to monitor the affordability and prudence of its capital programme. The outturn position for these indicators is reported below.

6.2 The table below shows the capital expenditure for the year split between the Housing Revenue Account and General Fund services. The indicator is shown compared with the most recent previously reported position on Quarter 3 report. The reasons for the variations between the original programme and the December monitor have been reported to Cabinet through the year as part of the regular monitoring process. The reasons for the variations to the outturn have been discussed in detail above.

Prudential Indicators

Capital Expenditure	Prudential Indicator	Outturn 2013/14
	£'000	£'000
General Fund (including Devolved Schools)	69,043	61,491
Housing Revenue Account	43,720	46,803
Total	112,763	108,294

- 6.3 The Capital Financing Requirement reflects the Council's underlying need to borrow to fund its capital programme. It has been necessary to make a number of technical adjustments to the Capital Financing Requirement indicator as a result of PFI assets and associated liabilities now being recognised on the Council's balance sheet. The movement between the outturn and the last reported position is generally as a result of the net re-profiling of capital schemes into future years and the use of additional revenue resources to fund the capital programme.

Capital Financing Requirement	Prudential Indicator	Outturn
	£'000	£'000
General Fund	267,706	264,861
Housing Revenue Account	157,728	157,728
Total	425,434	422,589

- 6.4 The external debt shows the authority's borrowing position compared with the authorised maximum limit and operational limit approved by Council. The authority is well within these limits which provide the scope to take advantage of low cost borrowing opportunities if they arise and are advantageous to the Council.

External Debt 2013/14	Authorised Borrowing Limit	Operational Borrowing Limit	Outturn
	£m	£m	£m
Prudential Indicator	550	400	298.6

Further information is included in the Treasury Management Outturn Report also on this Cabinet meeting agenda.

7 REASONS FOR RECOMMENDATIONS

To inform members of the final position on capital expenditure and financing for the year.

8 COMMENTS OF THE DIRECTOR OF FINANCE RESOURCES & CUSTOMER SERVICES

- 8.1 Financial implications:** These are contained in the body of the report.
- 8.2 Legal Implications:** Under the Local Government Act 2003 the Council has a duty to report on its capital expenditure and financing arrangements. This report assists in the discharge of that duty.
- 8.3 Risk management Implications:** The Capital programme is monitored on a quarterly basis to cabinet and any variations are reported when identified. There are risks involved in the delivery of projects on time particularly where large amounts of re-profiling have been identified in the report. These projects will be closely monitored in the new financial year to ensure there is no loss in service delivery.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1** The Council is committed to Fairness for all to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.
- 9.3** Financial monitoring and reporting is important in ensuring resources are used to deliver equitable services to all members of the community.

10. IMPACT ON COUNCIL PRIORITIES

10.1 Fairness for All

The Capital programme is designed to address the values set out within the Council's priorities. All projects are considered in the context of these priorities.

10.2 Growth and Sustainability

The Capital programme is designed to address the values set out within the Council's priorities. All projects are considered in the context of these priorities.

10.3 Strong Communities

The Capital programme is designed to address the values set out within the Council's priorities. All projects are considered in the context of these priorities.

London Borough of Enfield Capital Outturn Summary Schedule 2013-14

APPENDIX 1

Department/Scheme	Q4 2013/14 Budget	2013/14 Outturn	Variance	Re-profiling	(Under) / overspend	Reasons for Variance
	£000's	£000's	£000's	£000's	£000's	
ENVIRONMENT						
Transport for London funding:						
2013/14 Corridors, Neighbourhoods and Supporting Measures	2,132	1,029	(1,103)	0	(1,103)	In 2011 the Council made a successful bid to the Department for Transport for £1m of Access for all funding to contribute towards the cost of two lifts at Edmonton Green Station. Details of the scheme were developed in 2012/13 by Network Rail, who is the delivery agent for the scheme, and approval was granted by the Council in March 2013. The total cost of the scheme is estimated to be in the region of £2m, of which £1m has been secured from DFT. The remaining cost is being provided by the Council, utilising funds provided by TFL via its Local Implementation Plan. The TFL funded sum was invoiced and cleared (as per the legal agreement). £1,035,500. But the £1m contribution from DFT will not be coming to Enfield directly (as was anticipated/discussed at the time when the the provision was raised), but instead it will be paid to Network rail directly. The final agreement was as follows: Enfield will ensure/confirm the works are completed according the necessary requirement that satisfies all parties and will communicate this to DFT and the DFT will make the payment to Net Work Rail directly.
2013/14 Principal Road Renewal	1,394	1,392	(2)	0	(2)	
2013/14 Local Transport Funding	100	100	0	0	0	
2013/14 Major Schemes	141	140	(1)	0	(1)	
2013/14 Bus Stop Accessibility	490	480	(10)	0	(10)	
2012/13 Highways & Streetscene	2,933	2,813	(120)	(131)	11	
2013/14 Highways & streetscene	8,389	8,304	(85)	(73)	(12)	
Environmental Protection	327	284	(43)	(43)	0	
Community Safety	704	622	(82)	(77)	(5)	
Waste & Recycling	30	16	(14)	(14)	0	
Parks	514	493	(21)	(55)	34	
Vehicle Replacement Programme	215	215	0	0	0	
Depot	1,312	1,276	(36)	(36)	0	
Parking	174	169	(5)	(5)	(0)	
Building Improvement Programme	2,038	1,861	(177)	(177)	0	Honeysuckle House Lift Upgrade, Civic Centre Fire Alarm Upgrade, John Wilkes House Improvements and Community House Improvement. The following works have been slipped to 14/15 due to the revising of the Building Improvement Programme timetable; for operation reasons and in conjunction with Service users (clients).
Sustainability	1,738	1,670	(68)	(68)	0	
Disability Access Programme	273	41	(232)	(232)	0	Disability Access Programme (DDA): Approval has been given to undertake access improvement works at Wheatsheaf Hall, Park Avenue Mental Health Resource Centre and Minchenden Oak Garden. The individual projects will be delivered within the timescales agreed with users. Only £41k has been spent from the planned budget of £273k, the above projects have commenced on site. The remaining balance of £232k has been slipped to 14/15.
ENVIRONMENT TOTAL EXPENDITURE	22,903	20,904	(1,999)	(911)	(1,088)	

Department/Scheme	Q4 2013/14 Budget	2013/14 Outturn	Variance	Re- profiling	(Under) / overspend	Reasons for Variance
	£000's	£000's	£000's	£000's	£000's	
CORPORATE SCHEMES						
SAP Server Virtualised Server	93	93	0	0	0	
Joint Service Centre	2,700	1,627	(1,073)	(1,073)	0	Delays in disconnection of utilities by the statutory bodies led to later than anticipated demolition works and consequent slippage into 2014/15. The building is due to be completed later in 2014.
Civic Centre	0	0	0	0	0	
Self Pay Kiosks Cashier	12	8	(4)	0	(4)	
Residents Priority Fund	1,739	678	(1,061)	(1,061)	0	
Southgate Town Hall Library	715	480	(235)	(235)	0	This programme anticipates construction work to complete in April/May 2014. The re-profiled sum of £235k is meant for payment of outstanding professional and retention fees respectively, which often happens about one year after the date of completion.
FINANCE, RESOURCES & CUSTOMER SERVICES/CEX TOTAL EXPENDITURE	5,259	2,887	(2,372)	(2,369)	(3)	
HEALTH, HOUSING AND ADULT SOCIAL CARE						
Housing					0	
Disabled Facilities Grant (£1.156m grant funded)	1,556	1,691	135	134	0	£900K of the DFG was slipped into 14/15 at the end of qtr 3 due to a projected underspend. However, the PSH service completed more DFGs than predicted during the last qtr of 13/14.
Sub Regional Housing Grants	176	176	0	0	0	
Housing Assistance Grants	120	200	80	80	0	£689K of the Housing Assistance Grants was given up at the end of qtr 1 due to a projected underspend. However, the PSH service completed more grants than predicted during 13/14.
Affordable Housing	1,286	277	(1,009)	(1,009)	0	This underspend is the affordable housing budget contribution to the purchase of 100 Houses which has been c/fwd to 14/15.
Adult Social Care	0		0	0	0	
Welfare Adaptations	50	19	(31)	0	(31)	
Residential and Social Care Provision - Elizabeth House	180	181	1	1	(0)	
Care First Integration	60	42	(18)	(18)	0	
Fireproof lift at Park Ave (MH clients)	0	0	0	0	0	This scheme has now been incorporated into the Environment DDA Capital Programme.
Replace New Options Day Centre for LD Clients	1,048	931	(117)	(118)	0	Contractor went on site in 2013/14 later than anticipated, so some slippage into 2014/15.
Mental Health and Wellbeing Centre	0		0	0	0	
HEALTH, HOUSING AND ADULT SOCIAL CARE TOTAL EXPENDITURE	4,476	3,517	(959)	(930)	(29)	

Department/Scheme	Q4 2013/14 Budget	2013/14 Outturn	Variance	Re- profiling	(Under) / overspend	Reasons for Variance
	£000's	£000's	£000's	£000's	£000's	
REGENERATION LEISURE & CULTURE						
Regeneration:						
Ponders End	803	468	(335)	(335)	(0)	Enfield business centre £224k slippage - due to protracted negotiation with tenants at the business centre to finalise scheme and internal arrangements. £68k Albany gateway slippage due to delay in legal agreement with Landowner- £15k time team to be reprofile -OLF2 reprofile agreed with GLA for 14/15. £27k South Street/Waterfront slipped to 14/15 to ensure co-ordination with Alma Estate renewal plans.
Electric Quarter	1,402	179	(1,223)	(1,223)	0	Land assembly delayed due to negotiations with the Education Funding Authority (EFA). Initial site purchases completed in May 2014. GLA agreed grant extension with deed of variation to follow.
New Southgate	260	289	29	29	0	
Meridian Water	1,056	1,258	202	202	(0)	Site acquisition £284k - Funds from 14/15 B/FWD for site acquisition (to be completed), due diligence work and identified unknowns that required further investigation work. Rays Rd phase 2 - 12k slippage following delay in planning consent/ discharge of conditions. Angel Road Station and Causeway (70k slippage) - consultants completing design options due May 2014 - programme interdependencies with Network Rail.
Edmonton Projects	15	20	5	5	0	
Shires Estate - REACT Dysons Road	0	0	0	0	0	
Market gardening	20	51	31	31	0	
Enfield Town	0	0	0	0	0	
Angel Edmonton	0	0	0	0	0	
Enfield Business Centre Gateway	0	0	0	0	0	
Edmonton Green Regeneration	54	67	13	0	13	
Regeneration - conservation / design	466	525	59	59	0	
Other heritage regen projects including acquisitions	0	0	0	0	0	
Industrial Estates Regeneration	0	0	0	0	0	
Libraries	87	157	70	0	70	
Leisure	542	143	(399)	(381)	(19)	In dispute with the contractor and no invoices are currently being paid, to be settled next year
Palmers Green Library Refurbishment	0	301	301	301	0	Palmers Green Library works funded from 14/15 resources, work started early. Enfield town Library heating system overspend reported in Q2 - final settlement negotiated but more than expected- Property project
Culture	322	(157)	(479)	(300)	(179)	Forty Hall final bill settled turned out to be less than 12/13 Creditor set up to cover costs. Slippage for car park lighting , retention and CCTV works outstanding
REGENERATION LEISURE & CULTURE TOTAL EXPENDITURE	5,027	3,300	(1,727)	(1,611)	(116)	
SCHOOLS & CHILDREN'S SERVICES						
Schools Access Initiative	0		0	0	0	
Target Capital - Special Needs	1,407	1,114	(293)	(261)	(32)	Russet House £0.102m u/s – this is due to outstanding retention payments. Secondary Pupil Referral Unit £0.147m u/s – the scheme has not progressed as quickly as expected during the planning and design phase.
Devolved Schools Capital	0	0	0	0	0	
Childrens Centres	258	10	(248)	(250)	2	There have been delays in the allocation of this grant due to the terms and conditions of the Funding Agreement Letter not being agreed with schools. The funding will be carried forward into 2014/15.

Department/Scheme	Q4 2013/14 Budget	2013/14 Outturn	Variance	Re- profiling	(Under) / overspend	Reasons for Variance
	£000's	£000's	£000's	£000's	£000's	
Targeted Capital - School Meals Programme	97	115	18	2	16	
City Learning Centres	19	12	(7)	(7)	0	
Basic Need - Primary School Places	5,499	4,396	(1,102)	(1,095)	(8)	The programme covers a large number of projects. The reasons for the most significant underspends were as follows : <ul style="list-style-type: none"> • Eversley School (£161k u/s) – There was a dispute with the contractor who has now gone into liquidation therefore payments have been withheld. • Capel Manor School (£106k u/s) – This scheme did slip therefore retention and final account contract payments are outstanding. • Merryhills Primary School (£150k u/s) - Outstanding retention payments pending. • St Matthew's Edmonton Annex (£314k u/s) – There are outstanding retention payments and an outstanding phase of further expansion works. • Enfield County Art Room (£167k u/s) – The tender required approval at the March 2014 Cabinet meeting which delayed the start of the works. There was no adverse affect on the pupil intake in September 2013 as a result of the project delays referred to above.
Primary Schools	272	282	10	0	10	
Additional Primary Placements September 2012	671	398	(273)	(268)	(5)	
Primary Expansion Plan Phase 1	15,771	17,280	1,508	1,519	(11)	There are a number of reasons for the overall variance on the planned spends for the PEP projects in 2013/14. There are primarily: <ul style="list-style-type: none"> • The forecast spend provided for the capital monitor can only be an estimate until contracts are awarded; • Progress on individual schemes was quicker than expected in the final weeks of 13/14. • The use of the Scape framework results in early activity on site but later formalisation of contract, and therefore costs; • The nature of construction projects is that costs vary once works commence to take account of on-site issues; • Design improvements such as: achieving more flexible internal layouts for teaching spaces; create 'integrated' schools with links between old and new buildings; the number, size and style of windows and doors; and improved finishes or materials to reduce future maintenance resulted in an increase in overall costs and in-year spend; and • Design changes to invest more in improving schools by providing extra spaces or larger spaces resulted in an increase in overall costs and in-year spend. • There is no indication that these schemes will not provide the planned number of primary places in September 2014.
Primary Expansion Plan Phase 2 - Grange School	836	693	(143)	(143)	0	
Primary Expansion Plan Phase 2 - Garfield School	417	346	(71)	(71)	0	
Primary Expansion Plan Phase 2 (2016/17 includes	466	72	(394)	(394)	0	
Secondary Schools	620	688	68	18	49	There was an overspend reported on the remedial works at Chase Community school.
Schools Condition Funding	132	10	(122)	(100)	(22)	These works have now been delayed until the school summer breaks to ensure safe access and adequate planning and preparation.
Fire Precaution Works	81	8	(73)	(73)	(0)	
Non School Schemes	428	318	(110)	(110)	0	This underspend is mainly due to outstanding retention payments and final accounts on the Cheviots and Craig Park Youth Centre schemes.
SCHOOLS & CHILDREN'S SERVICES TOTAL EXPENDITURE	26,974	25,741	(1,232)	(1,232)	(0)	

Department/Scheme	Q4 2013/14 Budget	2013/14 Outturn	Variance	Re- profiling	(Under) / overspend	Reasons for Variance
	£000's	£000's	£000's	£000's	£000's	
GRAND TOTAL GENERAL FUND PROGRAMME	64,639	56,350	(8,290)	(7,053)	(1,237)	
HOUSING REVENUE ACCOUNT						
Decent Homes	25,289	21,759	(3,529)	(3,529)	(0)	Variance resulting from project delivery times changing due to consultation, approval processes and contract period duration.
General Work	12,651	11,560	(1,091)	(1,091)	(0)	Variance due to redirection of resources assigned to asbestos works and structural repairs, to cover major works overspend for concrete repairs.
Community Halls	80	80	(0)	0	(0)	
Grants to vacate	500	461	(39)	(39)	0	
Estate Renewals	12,943	12,943	(0)	0	(0)	
Asbestos Contingency	0	0	0	0	0	
HOUSING REVENUE ACCOUNT	51,463	46,803	(4,660)	(4,659)	(1)	
SCHOOLS CAPITAL	5,141	5,141	0	0	0	
GRAND TOTAL CAPITAL PROGRAMME	121,243	108,294	(12,949)	(11,712)	(1,238)	

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MUNICIPAL YEAR 2014/2015 REPORT NO. **18**

MEETING TITLE AND DATE:
Cabinet 23rd July 2013

REPORT OF:
Director of Finance, Resources
& Customer Services

Contact officer and telephone no:
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Agenda – Part: 1	Item: 9
Subject: ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2013/14	
Wards: All	
Cabinet Member consulted: Cllr. A. Stafford	

1. EXECUTIVE SUMMARY

1.1 This report reviews the activities of the Council's Treasury Management function over the financial year ended 31 March 2014.

1.2 The key points of the report are highlighted below:

		See section:
Debt Outstanding at year end to finance capital	<ul style="list-style-type: none"> £298m an increase of £4.4m from 2012/13. 	6
Average interest on total debt outstanding	<ul style="list-style-type: none"> 4.53% a reduction of 0.03% from 2012/13. 	7
Debt Re-scheduling	<ul style="list-style-type: none"> None undertaken. 	9
Interest earned on investments	<ul style="list-style-type: none"> £541k an increase of £215k from 2012/13. 	11
Net Borrowing	<ul style="list-style-type: none"> Reduced by £18.5m to £235.3m 	11

2. RECOMMENDATIONS

2.1 Cabinet is recommended to accept the Treasury Outturn report.

3. BACKGROUND

- 3.1 The Council adopted the CIPFA Revised Treasury Management Code of Practice and approved the annual Treasury Management Policy Statement in February 2010.
- 3.2 The statement requires the Director of Finance Resources & Customer Services to report on the preceding year's treasury management activities. In accordance with best practice, the Director's report includes information about borrowing levels and costs, as well as the impact of the cash flow management arrangements on the Council's financial position.

4. NATIONAL CONTEXT

- 4.1 At the beginning of the 2013-14 financial year markets were concerned about lacklustre growth in the Eurozone, the UK and Japan. Lack of growth in the UK economy, the threat of a 'triple-dip' alongside falling real wages (i.e. after inflation) and the paucity of business investment were a concern for the Bank of England's Monetary Policy Committee. Only two major economies – the US and Germany – had growth above pre financial crisis levels, albeit these were still below trend. The Eurozone had navigated through a turbulent period for its disparate sovereigns and the likelihood of a near-term disorderly collapse had significantly diminished. The US government had just managed to avoid the fiscal cliff and a technical default in early 2013, only for the problem to re-emerge later in the year.
- 4.2 With the appointment of Governor Mark Carney, the Bank of England unveiled forward guidance in August pledging to not consider raising interest rates until the ILO unemployment rate fell below the 7% threshold. In the Bank's initial forecast, this level was only expected to be reached in 2016. Although the Bank stressed that this level was a threshold for consideration of rate increase rather an automatic trigger, markets began pricing in a much earlier rise than was warranted and, as a result, gilt yields rose aggressively.
- 4.3 The recovery in the UK surprised with strong economic activity and growth. Q4 2014 GDP showed year-on-year growth of 2.7%. Much of the improvement was down to the dominant service sector, and an increase in household consumption buoyed by the pick-up in housing transactions which were driven by higher consumer confidence, greater availability of credit and strengthening house prices which were partly boosted by government initiatives such as Help-to-Buy. However, business investment had yet to recover convincingly and the recovery was not accompanied by meaningful productivity growth. Worries of a housing bubble were tempered by evidence that net mortgage lending was up by only around 1% annually.
- 4.4 Inflation (CPI) fell from 2.8% in March 2013 to 1.7% in February 2014, the lowest rate since October 2009, helped largely by the easing commodity prices and discounting by retailers, reducing the pressure on the Bank to raise rates. Although the fall in unemployment (down from 7.8% in March 2013 to 7.2% in January 2014) was faster than the Bank of England or indeed many analysts

had forecast, it hid a stubbornly high level of underemployment. Importantly, average earnings growth remained muted and real wage growth (i.e. after inflation) was negative. In February the Bank stepped back from forward guidance relying on a single indicator – the unemployment rate – to more complex measures which included spare capacity within the economy. The Bank also implied that when official interest rates were raised, the increases would be gradual – this helped underpin the ‘low for longer’ interest rate outlook despite the momentum in the economy.

- 4.5 The Office of Budget Responsibility’s 2.7% forecast for economic growth in 2014 forecast a quicker fall in public borrowing over the next few years. However, the Chancellor resisted the temptation to spend some of the proceeds of higher economic growth. In his 2013 Autumn Statement and the 2014 Budget, apart from the rise in the personal tax allowance and pension changes, there were no significant giveaways and the coalition’s austerity measures remained on track.
- 4.6 Gilt yields ended the year higher than the start in April. The peak in yields was during autumn 2013. The biggest increase was in 5-year gilt yields which increased by nearly 1.3% from 0.70% to 1.97%. 10-year gilt yields rose by nearly 1% ending the year at 2.73%. The increase was less pronounced for longer dated gilts; 20-year yields rose from 2.74% to 3.37% and 50-year yields rose from 3.23% to 3.44%. 3-month, 6-month and 12-month Libid rates remained at levels below 1% through the year.

5. THE HERITABLE BANK IMPAIRMENT

- 5.1 Heritable Bank (a UK financial institution) went into administration on 7th October 2008 as a direct result of its Icelandic parent Landbanki bank failing. The Authority held a £5 million deposit. This investment was made on 9th January 2008 for 364 days.
- 5.2 Since that date the Council has been vigorously chasing recovery of our funds and has lodged claims with the Heritable Bank administrator. Since this time the Authority has received regular distributions as set out below.

Table 1: Dividends received on Heritable Bank	Pence in the pound	£000s
Total received as at 31st March 2013	77.48	4,020
Received August 2013	16.73	871
Total received as at 31st March 2014	94.21	4,891
Additional sum expected if High Court case is successful	5.79	301
Final sum including principal & full interest (sec 5.4)	100.00	5,192

- 5.3 In August 2013 following the sale of the Heritable mortgage book the Authority received a dividend of £871k (16.73), taking the total recovered to £4.9m (94.21p). We have now assumed there will no further payments from the Heritable administrators so have now written back the balance on the impairment to reserves, we had previously only assumed we would receive 87% of the total investment.

- 5.4 An announcement was made on 1st July 2014 that the administrators had agreed to pay the full dividend. This means the Authority has recovered all funds from the Heritable bank.

6 BORROWING IN 2013/14

- 6.1 The Council increased its overall borrowing by £4.4 million in loans, including £3.5m of interest free loans to finance the Council's energy re-fit programme. The other loans were short term loans with an average interest rate of 0.45%.

6.2

Table 2: Movement in year	Debt 1 April 2013	Debt Repaid	New Debt Raised	Debt 31 March 2014
	£000	£000	£000	£000
Temporary Borrowing (less than 12 mths.)	29,000	(33,000)	37,000	33,000
	29,000	(33,000)	37,000	33,000
Public Work Loan Board loans (PWLB)	234,137	(2,053)	-	232,084
Commercial Loan	30,000	-	-	30,000
Salix loan	1,068	(658)	3,131	3,541
	265,205	(2,711)	3,131	265,625
Total Debt Outstanding	294,205	35,711	40,131	298,625

- 6.3 The Council's Treasury Management strategy continues to follow the same direction as it set since the financial collapse in October 2008, whereby capital expenditure is funded wherever possible by using the Council's internal cash reserves. This has a beneficial impact on the interest charges because of the large differential between long-term fixed borrowing and the interest rate in short term investments meant the 'cost of carry' would have been approximately 4%.

7. INTEREST ON TOTAL DEBT OUTSTANDING

- 7.1 The average rate paid on total external debt was in 2013/14 4.53% (4.63% 2012/13). The main impact was from low interest short term loans and from interest free loans from Salix to finance the Re-Fit Programme

- 7.2 Table 3 shows the interest paid (i.e. the cost of borrowing) by the Council during the year:

Table 3: Cost of Borrowing	2013/14	2012/13
	£000	£000
Public Work Loan Board loans (PWLB)	11,132	10,820
Commercial Loan	2,143	2,143
Salix Loan	-	-
Total Interest on Debt	13,275	12,963
Short Term Loans	136	142
Total interest paid	13,411	13,105
Interest Premiums	-	276

Table 3: Cost of Borrowing	2013/14	2012/13
Total Cost of Debt	13,411	13,381
Cost Attributed to the Housing Revenue Account	5,737	5,746
Cost Attributed to General Fund	7,674	7,635
Total Cost of Debt	13,411	13,381

7.3 The increase in interest relating to the PWLB reflects the full year effect of the £20 million of loans taken out at the end of March 2013.

8. DEBT MATURITY STRUCTURE

8.1 The Council has 33 loans spread over 47 years with the average maturity being 38 years. This maturity profile allows the Council to spread the risk of high interest rates when debt matures in any one year.

8.2 Table 4 shows the maturity structure of Enfield's long-term debt and the average prevailing interest rates.

Table 4: Profile Maturing Debt	Debt Outstanding as at 31 March 2013	Debt Outstanding as at 31 March 2014
Years	£m	£m
Under 1 year	31.3	36.1
1- 5	8.9	48.3
5-10	40.9	1.1
10-15	0	0
15-25	20.1	20.1
25-30	10.0	10.0
30-40	103.3	118.3
40+	79.8	64.8
	294.2	298.6

9. DEBT RESTRUCTURING

9.1 Debt restructuring normally involves prematurely replacing existing debt (at a premium or discount) with new loans in order to secure net savings in interest payable or a smoother maturity profile. Restructuring can involve the conversion of fixed rate interest loans to variable rate loans and vice versa.

9.2 No debt restructuring was undertaken during the year. We will continue to actively seek opportunities to re-structure debt over 2014/15.

10. TREASURY MANAGEMENT PRUDENTIAL INDICATORS: 2013/14

10.1 Throughout 2013/14 total loan debt was kept within the limits approved by the Council at its meeting in March 2014 against an authorised limit of £550 million and an operating limit of £400 million. The authorised limit (as defined by the Prudential Code) was set at £550 million as a precaution against the failure, for whatever reason, to receive a source of income e.g. Council Tax. In the unlikely event of this happening, the Council would need to borrow on a temporary basis

to cover the shortfall in cash receipts. In practice it is the operating limit by which the Council monitors its borrowing; any significant breach must be reported to Council.

- 10.2 The Council held no variable interest rate debt during 2013/14. The Council's Prudential Code however does allow for up to 25% of the debt to be held in variable interest rate debt.
- 10.3 The Prudential code allows up to 25% of its debt to mature in one year (£75 million). This limit was not breached, the actual position as at 31 March 14 was £36.1m (12.1%).

11. INVESTMENTS

- 11.1 The Council manages its investments arising from cash flow activities in-house and invests within the institutions listed in the Authority's approved lending list. It can invest for a range of periods approved in the Annual Treasury Strategy Report. The Council acts as the treasury manager for the 79 Enfield schools within the HSBC banking scheme and Enfield Homes. The Council produces a three year cash flow model (based on daily transactions) which projects the cash flow movements of the Council linked into the Council's medium term financial plan. This allows the Treasury Management team to make more informed decisions on borrowing and lending.
- 11.2 In 2013/14 the Council received £0.6 million in interest on money lent out to the money markets an increase of £0.2 million from 2012/13. The average cash balance held by the Council during the year was £99 million (see Appendix 2) compared to £64 million in 2012/13. This is set out in table 5 below:

Table 5: Interest Receipts	2013/14 £000	2012/13 £000
Total Interest Receipts	541	412
Interest paid to Enfield Homes	(5)	(6)
HRA balances	(26)	-
Section 106 Applications	(21)	(22)
Other Funds	(5)	(15)
Total Interest to General Fund	484	369

- 11.3 Table 6 shows the maturity structure of Enfield's investments and the prevailing interest rates. The Authority continues to adopt a very prudent approach and but the 2013/14 strategy allowed investments up to 12 months with financial institutions that met our credit rating requirements (2012/13 only allowed to lend to approved financial institutions).

11.4

Table 6: Maturing Investments	Investments as at 31 March 2014	No of Deals	Investments as at 31 March 2013	No of Deals
Months	£000's		£000's	
On demand	35,850	4	17,700	4
Within 1 Month	12,500	2	-	-
Within 3 Months	7,500	1	22,500	3

Table 6: Maturing Investments	Investments as at 31 March 2014	No of Deals	Investments as at 31 March 2013	No of Deals
Within 6 Months	-	-	-	-
Within 9 Months	-	-	-	-
Within 12 Months	7,500	1	-	-
	63,350	8	40,200	7

11.5 The Treasury Management team achieved an average interest rate of 0.55% (0.63% 12/13), out-performing the benchmark (Inter-Bank 7-day lending rate 0.43%). This was achieved by adopting an active treasury policy. The average interest rate fell due to banks reducing interest rates on our call accounts.

Net Borrowing

11.6 The Council's net borrowing decreased in 2013/14 as Table 7 demonstrates the cost of the Council's capital programme over the year. It recognised that future capital expenditure will need to be financed from external borrowing, will create pressure on the revenue budget but this impact as been recognised in the Council's Medium term financial plan.

Table 7: Trend in Net Borrowing	2009/10	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000	£000
Total Borrowing	220,347	218,347	264,136	294,204	298,624
Total Investments	(74,150)	(30,000)	(43,600)	(40,200)	(63,350)
Net Borrowing	146,197	188,347	220,536	254,004	235,274
Annual change in net debt	48,950	42,150	32,189	33,468	(18,730)

The Capital Financing Requirement reflects the Council's underlying need to borrow to fund its capital programme (Table 8).

Table 8: Capital Financing Requirement (CFR)	31st March 2014	31st March 2013
	£m's	£m's
General Fund	264.9	259.3
Housing Revenue Account	157.7	157.7
Total	422.6	417.0

The Council is allowed to borrow up to its capital financing requirement which means it has £124m headroom to increase it's borrowing.

11.7 Through careful cash management control (i.e. the ability to accurately predict the daily out/in flows of cash) the Treasury Management team have limited the Council's overdraft costs in the year to £96.

11.8 Going forward, the cost of the capital programme will increase over the next three years. It is helpful to note the increasing ratio of financing costs to net

revenue stream in comparison to other London boroughs. This trend is shown in Appendix 3.

12. ALTERNATIVE OPTIONS CONSIDERED

12.1 None. This report is required to comply with the Council's Treasury Management Policy statement, agreed by Council in February 2013.

13. REASONS FOR RECOMMENDATIONS

13.1 To inform the Council of Treasury Management performance in the financial year 2013/14.

14. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES, AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

14.1 Financial Implications

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

14.2 Legal Implications

The Council has a statutory duty to ensure the proper administration of its financial affairs and a fiduciary duty to tax payers to use and account for public monies in accordance with proper practices.

The Statement has been prepared in accordance with the CIPFA Code of Practice.

14.2 Key Risks

Extending the maximum period of deposits will increase the level of risk of default. This fact must be considered against backdrop that investments will still be restricted to countries (outside of UK with a sovereign rating of AAA and that deposits will be made only with financial institutions with a high credit rating.

15. IMPACT ON COUNCIL PRIORITIES

15.1 Fairness for All

Effective financial management provides the basis for the Council to achieve its priorities and objectives. This report explains a key part of effective financial management and the progress that has been made during the year.

15.2 Growth and Sustainability

Effective financial management provides the basis for the Council to achieve its priorities and objectives. This report explains a key part of effective financial management and the progress that has been made during the year.

15.3 Strong Communities

Effective financial management provides the basis for the Council to achieve its priorities and objectives. This report explains a key part of effective financial management and the progress that has been made during the year.

16. PERFORMANCE MANAGEMENT IMPLICATIONS

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

17. EQUALITIES IMPACT IMPLICATIONS

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

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

18. PUBLIC HEALTH IMPLICATIONS

There are no public health implications directly related to this report.

Background Papers:

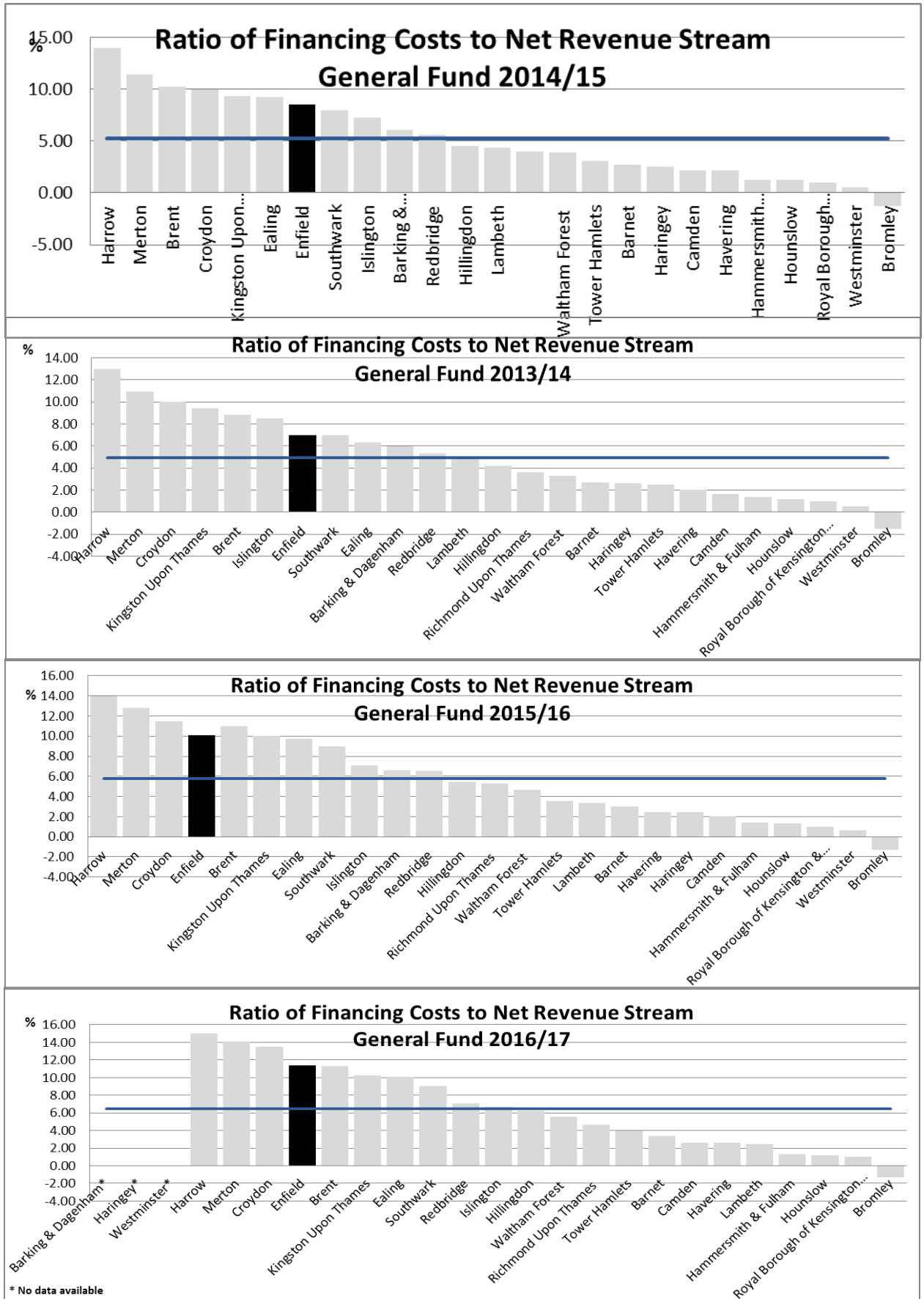
None

APPENDIX 1: INVESTMENTS OUTSTANDING AT 31ST MARCH 2014

Call Accounts	Amount lent (£000)	Interest rate	Maturity Date
HSBC	3,850	0.40%	On demand
Santander	12,500	0.40%	On demand
Handlesbanken	12,500	0.60%	On demand
Money Market Fund			
Ignis	7,000	0.38%	On demand
Deposits			
Barclays bank	7,500	0.83%	10 th March 2015
Lloyds bank	7,500	0.75%	22 nd April 2014
Lloyds bank	5,000	0.75%	7 th May 2014
Nationwide building society	7,500	0.72%	11 th April 2014
Total	63,350		

APPENDIX 2: Cash Flow Position 2013/14

2013/14					Quarterly dates	
	Average Balance £'m	days	Interest Earned £'k	RETURN		Balance Invested (£'m)
Apr-13	86.82 m	30	40.3 k	0.56%	31/03/2013	40.20 m
May-13	123.37 m	31	58.0 k	0.55%		
Jun-13	132.85 m	30	60.5 k	0.55%	30/06/2013	111.80 m
Jul-13	125.68 m	31	55.0 k	0.52%		
Aug-13	119.20 m	31	52.6 k	0.52%		
Sep-13	105.69 m	30	46.3 k	0.53%	30/09/2013	79.33 m
Oct-13	95.06 m	31	43.0 k	0.53%		
Nov-13	98.03 m	30	41.2 k	0.51%		
Dec-13	80.63 m	31	38.1 k	0.56%	31/12/2013	57.30 m
Jan-14	76.85 m	31	37.8 k	0.58%		
Feb-14	73.15 m	28	33.0 k	0.59%		
Mar-14	71.14 m	31	35.3 k	0.58%	31/03/2014	63.35 m
Average/Total	99.18 m	365	541.2 k	0.55%		



MUNICIPAL YEAR 2014/2015 REPORT NO. 20

MEETING TITLE AND DATE:

CABINET - 23 July 2014

REPORT OF:

Ray James
Director of Health, Housing and Adult
Social Care

Contact officer and telephone number:

Keezia Obi - Head of Service, Care and Support Reform

E mail: Keezia.Obi@enfield.gov.uk Tel: 020 8379 5010.

Agenda – Part:	Item: 10
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Subject: The Care Act 2014

Wards: All

Key Decision No: 3933

Cabinet Member consulted:

Councillor Don McGowan

1. EXECUTIVE SUMMARY

- 1.1 The Care Bill has completed its passage through Parliament and it received Royal Assent on 14 May. It is now an Act of Parliament (law).
- 1.2 The Care Act introduces a general duty on local authorities to promote individuals' wellbeing and rebalances adult social care towards prevention, wellbeing and independence. From 2015 council's will have a new legal framework for adult social care, putting the wellbeing of individuals at the heart of care and support. The Act will replace a number of separate pieces of legislation with a single modern law.
- 1.3 The Care Act will set out reforms including the way in which adult social care is funded and includes a range of other new duties and functions provided by adult social care services. As well as a review of how we currently discharge our duties, the reforms will require new processes and practices to ensure we discharge our statutory duties and deliver the changes required.
- 1.4 The Act is an historic piece of legislation and a significant programme of change. Draft Guidance and Regulations of Part 1 of the Act and the associated documentation alone is approximately 750 pages.
- 1.5 This report sets out the key requirements of the Care Act, the potential impact on the Council and progress made locally to implement it.

2. RECOMMENDATIONS - Cabinet is asked to:

- 2.1 Note that the Care Bill received Royal Assent in May and is now an Act of Parliament.
- 2.2 Note that the consultation on the draft regulations and guidance for Part 1 of the Care Act has been published; and agree the delegation of the Council's response to the Cabinet Member for Health and Adult Social Care, Cllr Don McGowan; and
- 2.3 Note the implications of the Care Act on local authorities, and approve progress made locally to prepare for the implementation (see paragraph 6) and the funding allocations attached (see paragraph 7); and
- 2.4 Agree the progression to a full impact assessment and gap analysis being produced on the basis of the key milestones set out in legislation for 2015 and 2016; and
- 2.5 Note the potential impact of the Act locally, including key financial risks.

3.0 BACKGROUND

- 3.1 The Care Bill was introduced into the House of Lords in May 2013 and following agreement by both Houses on the text of the Bill it received Royal Assent on 14 May. It is the most significant reform of care and support in more than 60 years, putting people and their carers in control of their care and support.
- 3.2 The current social care legislation has evolved over a number of decades and in a piecemeal manner. The Care Act sets out to consolidate several pieces of legislation with one Act and makes several new provisions. The new legislation is designed to be less complex and easier to apply for all concerned including local authorities and their practitioners and lawyers and, in the case of legal challenges, the Courts.
- 3.3 **The Act is in five parts. Part 1 – Care and Support**, is intended to give effect to the policies requiring primary legislation that were set out in the White Paper *Caring for our future: reforming care and support*, to implement the changes put forward by the Commission on the Funding of Care and Support, chaired by the Economist Andrew Dilnot, and to meet the recommendations of the Law Commission in its report on Adult Social Care to consolidate and modernise existing care and support law. This includes new rights for carers, a statutory framework for Safeguarding Adults and a cap on the costs of care.
- 3.4 **Part 2 – Care Standards**, gives effect to elements of the Government's response to the Mid Staffordshire NHS Foundation Trust Public Inquiry that require primary legislation.
- 3.5 **Part 3 – Health**, makes changes to the Trust Special Administration regime. It also takes forward the necessary legislative measures for the proposals outlined in *Liberating the NHS: Developing the Healthcare workforce - From Design to Delivery*², the establishment of Health Education England as a non-departmental public body; and those in relation to health research that were set out in the Government's *Plan for Growth*³, the establishment of the Health Research Authority as a non-departmental public body.
- 3.6 **Part 4 – Health and Social Care**, establishes a fund for the integration of care and support with health services, known as the Better Care Fund and makes provision for additional safeguards around the general dissemination of health and care information.
- 3.7 **Part 5 – General**, deals with various technical matters such as the power to make consequential amendments, orders and regulations, commencement, extent and the short title of the Act.

4.0 THE CARE ACT IN PRACTICE AND UNDERLYING PRINCIPLES

- 4.1 The Care Act 2014 will make a difference to how people manage their own care and access care and support services. It places more emphasis than ever before on prevention and wellbeing – shifting from a system which manages crises, to one which focuses on people's strengths and capabilities and supports them to live independently for as long as possible.
- 4.2 In many respects the Act is an extension of the principles of Personalisation, such as information for all, access to universal services, the focus on early intervention and prevention and maximising individual choice and control, whilst maintaining a responsibility to care and protect where required. At the heart of the Act is the promotion of wellbeing and outcomes that matter to people and the intention to ensure that people can remain at home as long as possible, using their own resources and continuing to play a part in the community.

- 4.3 The Act sets out duties for local authorities to ensure that people will have access to clearer information and advice to help them navigate the system, and a more diverse, high quality range of support to choose from to meet their needs. It will make the care and support system clearer and fairer for those who need it.
- 4.4 The Act sets out a new national minimum eligibility threshold to help people better understand whether they are eligible for local authority support, and it will enable older people and those with disabilities to move from one area to another with less fear of having their care and support interrupted.
- 4.5 The Act brings in new duties to respond to the needs of carers as they will be put on the same legal footing as the people they care for, with extended rights to assessment, and new entitlements to support to meet their eligible needs.
- 4.6 Of significance is a reform in the way that care and support is paid for. This includes how people pay for care and what financial support they can expect from the state, and making an existing scheme called 'Deferred Payment Agreements' more widely available. The Government has committed to making the changes recommended by an independent commission led by the economist Andrew Dilnot in 2011, which includes a cap on the amount people have to spend on the care they need at £72,000. Additionally, the means testing level has been increased so that state support is available to help to people with modest wealth. These changes will mean that people with around £118,000 worth of assets (savings or property), or less, will start to receive financial support if they need to go to a care home. The intention of the Act is that people are protected from catastrophic care costs and that the people with the least money get the most support.

5.0 KEY REQUIREMENTS AND IMPLEMENTATION TASKS

- 5.1 The key tasks and dates are as follows:

Key Requirements	Timescale
Duties on prevention and wellbeing	From April 2015
Duties on information and advice (including advice on paying for care)	
Duty on market shaping	
National minimum threshold for eligibility	
Assessments (including carers assessments)	
Personal budgets and care and support plans	
New charging framework	
Safeguarding Adults	
Universal deferred payment agreements	
Extended means test	From April 2016
Capped charging system	
Care accounts	

5.2 Details about the principles of the Care Act and the required changes have been set out by the Local Government Association as follows:

5.3 **FUNDING REFORM (CAP ON COSTS): IMPLEMENTATION APRIL 2016**

Key principles:

- Financial protection: everyone will know what they have to pay towards the cost of meeting their eligible needs for care and support.
- People will be protected from having to sell their home in their lifetime to pay for any care home costs.
- People will be helped to take responsibility for planning and preparing for their care needs in later life.

Important changes

- Introduction of a cap on costs of meeting eligible needs for care and support (to be set at £72,000 for those of state pension age and above when it is introduced) including independent personal budgets and care accounts. The cap will be adjusted annually, as will the amount people have accrued towards the cap.
- No contribution expected for young people entering adulthood with an eligible care need.
- Lower cap for adults of working age (level to be determined).
- Increase in capital thresholds / extension to the means test providing more support to people with modest wealth.
- New legal basis for charging covering both residential and non-residential care.
- Consistent approach towards calculating a contribution towards living costs for people in residential care.
- New framework for eligibility with threshold to be set nationally (to be implemented in April 2015).

What will need to be in place to support implementation of the Act?

- Financial and IT systems to establish and monitor care accounts.
- Arrangements for assessments for all self-funders who ask for a care account.

Suggested key tasks

- Identify local self-funders.
- Estimate time needed to assess self-funders ahead of go live date.
- Estimate cost of meeting care costs for self-funders locally.
- Identify potential impact on current workforce (new skills, capacity and configuration).
- Consider ways of conducting proportionate assessments (including for the significant volume of self-funders who will want to set their care account running) including via third sector or self-assessment.
- Calculate costs of implementation
- Review financial processes, information and advice systems and IT.
- Start a conversation with local providers about the potential impact of the reforms.

Having a good understanding of the volume of self-funders will underpin the planning and preparation for large parts of the Act, as well as inform an understanding of the overall costs of implementation locally.

5.4 DEFERRED PAYMENTS: IMPLEMENTATION APRIL 2015

Key principle:

People who face the risk of having to sell their home in their lifetime to pay for care home fees will have the option of a deferred payment.

Important changes

- Everyone in a care home who meets the eligibility criteria will be able to ask for a deferred payment regardless of whether or not the local authority pays for their care.
- Councils will be able to charge interest on loans to ensure they run on a cost neutral basis.

What will need to be in place to support implementation by April 2015?

- Sound financial processes to support increased number of Deferred Payment Agreements (DPAs).
- Sufficient staff / IT capacity.
- Robust financial processes.

Key tasks for councils

- Estimate likely increase in requests for a deferred payment locally.
- Review existing arrangements for DPA – workforce capacity, IT, finance.
- Estimate implementation costs (average length of stay in residential placements, average client contribution).
- Estimate related costs (properties subject to a DPA may be exempt from council tax).

5.5 ADDITIONAL ASSESSMENTS AND CHANGES TO ELIGIBILITY: IMPLEMENTATION APRIL 2015

Key principles:

- Early intervention and prevention: supporting people as early as possible to help maintain their wellbeing and independence.
- Eligibility to be set nationally based on risk to the individual's wellbeing (as opposed to the risk to the individual's independence).
- Focus on outcomes and wellbeing.
- Assessment to take into account the needs of the whole family as well as of any carers.
- New arrangements for transition to adult care and support.

Important changes

- Councils will have a new duty to carry out a needs assessment for all carers (no longer dependent on the cared-for person meeting the FACS eligibility criteria).
- New duty to provide advice and information to service users and carers who do not meet the eligibility threshold.

- Duty to assess young people, and carers of children, who are likely to have needs as an adult where it will be of significant benefit, to help them plan for the adult care and support they may need, before they (or the child they care for) reach 18 years.
- Legal responsibility for local authorities to cooperate to ensure a smooth transition for people with care needs to adulthood.
- New national eligibility threshold.

What will need to be in place to support implementation by April 2015?

- Expanded assessment capability to cope with increased demand.
- Assessment process that is focused on outcomes and wellbeing.
- Strong and effective partnership working across adults' and children's services during transition.

Key tasks for councils:

- Estimate the volume of additional assessments locally and the cost.
- Review assessment process to ensure it focuses on prevention and wellbeing.
- Review support and arrangements for young people and their families during transition – update procedures and training.
- Ensure workforce skills, configuration and capacity are sufficient to meet new demand and legal duties.
- Consider how assessments will be carried out for local self-funders.

5.6 ADVICE AND INFORMATION: APRIL 2015

Key principles:

- Information should be available to all, regardless of how their care is paid for.
- Good quality, comprehensive and easily accessible information will help people to make good decisions about the care and support they need.
- Councils have a key role in ensuring good quality advice is available locally and for sign posting people to independent financial advice.

Important changes:

- Councils will be required to provide comprehensive information and advice about care and support services in their area and what process people need to use to get the care and support that is available.
- They will also need to tell people where they can get independent financial advice about how to fund their care and support.
- Councils will be required to provide independent advocates to support people to be involved in key processes such as assessment and care planning, where the person would be unable to be involved otherwise.

Key tasks for councils

- Review existing advice and information services: ensure adequate funding and capacity.
- Review advice, advocacy and brokerage services locally.
- Ensure good quality financial information and advice independent of the local authority is available and people know how to access it.

5.7 COMMISSIONING: IMPLEMENTATION APRIL 2015

Key principles:

- A wide range of good quality care and support services will give people more control and choice and ensure better outcomes.
- Councils have an important role in developing the quality and range of services that local people want and need.
- Integrated commissioning with key partners, including health and housing, is essential to ensure quality as well as value for money and improve user satisfaction.

Important changes

- Duty on councils to join up care and support with health and housing where this delivers better care and promotes wellbeing.
- Duty on councils to ensure there is a wide range of care and support services available that enable local people to choose the care and support services they want (market shaping).
- New right to a personal budget and direct payment.

Key tasks for councils

- Review commissioning arrangements including capacity, skills and leadership.
- Develop market position statement(s) which clearly identify strengths / weaknesses in local provision.
- Review engagement / dialogue with local providers and service users.
- Use Better Care Fund (formerly Integration Transformation Fund) to promote coordinated health and social care which focuses on early intervention and prevention, and avoids duplication of process.

6.0 CURRENT PROGRESS TOWARDS IMPLEMENTATION OF THE CARE ACT

- 6.1 A Programme Board with accompanying work streams has been established in order to oversee the changes required locally, with an appropriate programme management infrastructure to oversee the work. The Board is chaired by Bindi Nagra, Assistant Director Strategy and Resources in the Councils' Health, Housing and Adult Social Care Department. Mr Nagra is also the Council's named Senior Responsible Officer (SRO) for the purposes of implementing the Act.
- 6.2 As noted the first key task for the Council is to fully understand the impact of the Act locally and an impact analysis is being undertaken. Other priority tasks underway are:
- Identifying the risk associated with the implementation of the Act including a full risk assessment
 - Understanding the opportunities presented by the implementation of the Act including a benefits map
 - Raising awareness of the Act including briefings for all stakeholders starting with staff and providers (further information will be made available as they are developed)
 - A review of the Guidance and Regulations of Part 1 of the Act with an initial focus on the most contentious or high risk areas e.g. ordinary residence, eligibility, continuity of care, the cap and charging, transition.
 - A local response to the Regulations and Guidance - the Government has opened a 10 week consultation period <http://careandsupportregs.dh.gov.uk/>
 - Undertake research into the self-funders market

- 6.3 It should be noted that the Council has already established arrangements in a number of key areas of the Act so has strong foundations to build on. This is most evident in our Personalisation arrangements such as information and advice, early intervention and prevention and a scheme for Deferred Payment Agreements. Even so, the Act represents a significant programme of change.

7.0 THE FINANCIAL IMPACT OF IMPLEMENTING THE CARE ACT

- 7.1 The Government has made available an allocation to support local authorities in implementing the Care Act reforms, as follows:

Year:	2014/15			2015/16		
	Revenue	Capital	Total	Revenue	Capital	Total
Details/ Summary	£	£	£	£	£	£
Care Bill Implementation Grant 2014/15	125,000	0	125,000			0
Care Bill implementation funding in the Better Care Fund (£135m nationally)				725,000	271,000	996,000
Social Care New Burdens				1,542,000	270,000	1,812,000
	125,000	0	125,000	2,267,000	541,000	2,808,000

- 7.2 This above breaks down the allocations of Adult Social Care new burdens funding and the Better Care Fund element to cover implementation of the Care Act, which includes funding associated with the Dilnot reforms. It is important to note that the allocations may not reflect the full cost to the Council, so should be treated as indicative only.
- 7.3 The cap on the costs people will have to pay for their care and the increase of the capital thresholds is likely to be the most significant cost pressure resulting from the Act. It is expected that this will take effect in 2018/19, 3.5 years being the time expected for people to reach the cap. However, it is important to note that the wider reforms such as the increase in assessments, new rights for carers, developing the market, and the new business processes and costs relating to IT and finance systems e.g. for care accounts to calculate progression towards reaching the cap, will also have a financial impact.
- 7.4 Last July London Councils published their analysis of the potential financial impact of the reforms, and this indicated that the funding allocations to cover the cost of implementation will fall far short of the expected costs. It also identified that people living in London will reach the cap earlier than other parts of the country, adding to the financial burden. The report, Care and Support Reform: Cost implications for London¹, states:

"The government has announced that from April 2016 a cap will be introduced limiting the amount of money people will have to pay towards their care. This cap will be set at

¹ Care and Support Reform: Cost implications for London <http://bit.ly/1a7ubwm>

£72,000. The government will also raise the means testing threshold at which people are eligible for support from local authorities, from the current £23,250 to £118,000. London Councils has analysed the cost implications of these reforms, illustrating the additional cost pressures that can be expected by London boroughs.

Cost pressures in London

London Councils' analysis has found that the potential total additional cost pressure that local authorities could be faced with by 2019/20 as a result of introducing the cap and raising the threshold AND the on-going social care cost pressures is approximately £1.3 billion. Approximately £877² million of this will be as a direct result of implementing the capped cost model for care and raising the eligibility threshold over the first four years.

National cost pressures

The government's estimates of providing £1 billion per year to fund the funding reforms nationally is inadequate. London Councils' analysis has found that the reforms nationally over four years will cost in the region of £6 billion – on average £1.5 billion per year (cost pressures will be heavily weighted in the first and fourth year of implementation)."

- 7.5 At local level we will develop a robust financial model to enable the Council to manage the impact of the reforms and the initial exercise of understanding the self-funders market is being undertaken as a priority.

8.0 ALTERNATIVE OPTIONS CONSIDERED

- 8.1 It is a statutory requirement to implement the Care Act, so no alternative options have been considered in the drafting of this report.

9.0 REASONS FOR RECOMMENDATIONS

- 9.1 It is a statutory duty for local authorities to implement the Care Act. It is essential that Cabinet is aware of the reforms and the implications for the Council.

10.0 COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

10.1 Financial Implications

As stated above, the Care Act requirements are to be introduced by April 2015. The table under paragraph 7.1 above shows the grant allocations of £125k in 2014/15. Each Local authority has been awarded this allocation to "provide additional support to local Authorities for them to build change management capacity to implement the requirements of the Care Bill" (DoH circular ref: LASSL (DH)(2014)1)

A further £2.8m of grant funding has been allocated in 2015/16, of which revenue funding has been identified from the Better Care Fund (£725k), Social Care New Burdens (£1.54m) and capital funding of £541k.

As the report states the financial impact of the Care Act changes will be of a material nature. However these are unquantified at a local level, based on national estimation, once quantified this will add significant pressure to the council medium term financial plan for 2018/19 (approx. £8-15m), as the council will now need to provide care to self-funders once they reach the £72k cap and collect less income from clients that currently contribute towards their care costs.

² It is important to note that at the time of the financial modelling not all data was available regarding the working age thresholds of the cap.

When the government introduced the Care Bill it carried out an Impact assessment and advised that any new burdens on local government would be funded. However local government has been concerned for some time that there is potential for significantly greater costs than currently provided for by government.

This issue has been included in the Council's Risk Register; however it remains very difficult to accurately model the financial consequences of this significant change to legislation.

Recently the Local Government Association (LGA) has worked with London Councils, Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Directors of Adults Social Care (ADASS) to distribute tools to help model the costs in a consistent way across the Country.

The full cost of implementation is unlikely to be felt until 2018/19 and we will continue to model and monitor the likely costs in intervening years.

It should also be noted that a number of the implementation costs, in particular on IT and staffing, are unknown at this stage. It is envisaged that the grant allocations for 2014/15 and 2015/16 will be used in the first instance, however it would be prudent to identify one off resources in addition to the grant allocations to cover any additional pressure.

10.2 Legal Implications

The Care Act 2014 received royal assent on 14 May 2014. Key implementation dates are April 2015 and April 2016. When it comes into force it will affect the law concerning the care of vulnerable adults.

The Care Act 2014 will impose a number of duties on local authorities and as yet the guidance is only in draft. It is therefore not possible at this stage to be definitive about the exact nature of the requirements which the Act will impose.

10.3 Property Implications – none identified.

10.4 KEY RISKS - as noted, the Programme Board is currently in the process of analysing the impact of the Care Act reforms including a gap analysis. This will be followed by identification and assessment of the risk to enable us to fully understand the impact to the Council. It should be noted that until such tasks as the self-funders research is complete, some assumptions will need to be made. What is clear is that there is considerable financial risk to the Council, at a time when we are required to make significant savings.

10.5 IMPACT ON COUNCIL PRIORITIES – the Care Act will have a positive impact on the council priorities and local community. New assessment arrangements and eligibility criteria will help to provide fairer access to services, including how it is funded. It will encourage active citizenship by strengthening our Personalisation arrangements and supporting people to be independent and improvements to our information and advice services will impact on the provision of high quality, affordable and accessible services for all.

10.6 EQUALITIES IMPACT IMPLICATIONS (EIA) – a full impact assessment will be undertaken once the implications and risk business processes are completed.

10.7 PERFORMANCE MANAGEMENT IMPLICATIONS - the implementation of the Care Act will contribute to the achievements of the council and Enfield 2017.

10.8 HEALTH AND SAFETY IMPLICATIONS – none identified.

10.9 HR IMPLICATIONS - the implementation of the Care Act will require changes to practice and business requirements. It is not known at this stage what and if there are human resource implications. This will require ongoing review and reporting as necessary.

10.10 PUBLIC HEALTH IMPLICATIONS - the Care Act is about promoting independence and improving the health and wellbeing of local people, so has a direct link to public health. It will promote community networks and healthy lifestyles as people will be able to take more control of how they manage and access their own care and support.

Background Papers – none.

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MUNICIPAL YEAR 2014/2015 – REPORT NO. 21

MEETING TITLE AND DATE
CABINET – 23rd July 2014

JOINT REPORT OF

Director of Health, Housing and Adult
 Social Care and Director of Finance,
 Resources and Customer Services

Agenda – Part 1	Item: 11
Subject: Special Purpose Vehicle for New Build Council Homes	
Wards: All	
Key Decision No: KD3890	
Cabinet Members consulted: Cllrs Oykener and Stafford	

Contact officer and telephone number: Geoff Richards, 020 8379 2179

Email: geoffrey.richards@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 The challenges facing Enfield are not dissimilar to the national picture, which set against a background of tough austerity measures and a depressed housing market has seen an increase in the demand for both affordable housing and private rented homes.
- 1.2 As part of a wider redevelopment strategy to increase the supply of value for money quality accommodation for Enfield residents it is proposed that the Council establishes a local authority company to develop, own and manage a portfolio of properties to be made available for private rent.
- 1.3 This would be the second wholly Council owned company to be established to manage housing assets following the recently established Housing Gateway Limited which has been created to purchase homes for temporary accommodation.
- 1.4 The New Build company affords the Council the opportunity to intervene in the market and increase the supply of new housing in the Borough. It is proposed that the initial portfolio will be made up of the 57 private homes to be built as part of the Small Housing Sites (Phase 1) project which was approved in items Addendum KD3780 & Cabinet Addendum 206A. However the company will be established with the ability to accommodate additional homes if this is decided by the Company Directors.
- 1.5 The company needs to be established at this stage to allow the Small Housing Sites project to proceed to a start on site. In September a second report will be taken to Cabinet which explains how the Council proposes to structure the companies and how the new homes could be managed.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Use its powers to set up a limited liability company (SPV) for the purposes of developing, owning and managing property.
- 2.2 To delegate to the Company Management Board approval via a Portfolio Decision to finalise the Terms of Reference and Company Memorandum and Articles of Association of the local authority company proposed and other such matters necessary to (i) incorporate and register the company and (ii) facilitate the objectives identified in this report.
- 2.3 Note that the investment model proposed was approved by Cabinet and Full Council March/April 2014 respectively and that there are no additional costs to the Council from the approval to reallocate money from the Investment in Private Rented Sector Homes to the Small Housing Sites project. This borrowing has already been factored into the Council borrowing requirement.
- 2.4 Note that the Council has sought independent expert legal advice/support on forming a wholly owned SPV subsidiary and on drafting an arms-length development finance facility agreement. To include memorandum and articles of association, shareholder issues and overview tax advice, and due diligence on development and construction arrangements, full suite of development covenants and formation and administration of conditions precedent respectively.
- 2.5 Note that the Council is proposing to add the redevelopment of the Ordnance Road site to the Small Housing Sites (Phase 1) project and to bring forward a Small Housing Sites Phase 2 (project), along the same principals as Small Sites (Phase 1). Both proposals will be the subject of a separate report, to be submitted for consideration at the September meeting of Cabinet.
- 2.6 Note that the company structure being proposed could be used to hold other property assets, such as the housing to be developed as part of the proposed Bury Street project and the Small Housing Sites Phase 2 project, or simply be amended as required.
- 2.7 Delegates the final decision on the management of the private rented units held by the SPV to the Cabinet Member for Housing and Estate Regeneration and the Director of Health Housing & Adult Social Care.
- 2.8 To note that the final decision on the name of the New Build company will be taken by the Cabinet Member for Housing and Estate Regeneration.

Small Housing Sites (Phase 1) project

- 3.1 July 2012 (KD 3517) Cabinet approved a report to redevelop seven small sites located across the Borough and delegated authority to the Cabinet members for Housing & Estate Regeneration and Finance to appoint a developer to build the new homes across the sites.
- 3.2 In July 2013 the Council successfully bid for £690,000 funding from the GLA to support the scheme. The grant is subject to the developer starting on site in June 2014.
- 3.3 In November 2013 Planning Committee approved all associated applications subject to conditions and the developer signing the Section 106 Agreement. The planning consent provides 94 new homes including 57 private properties and 37 affordable (20 social rent / 17 shared equity) Council owned homes.
- 3.4 The Councils innovative approach, where all seven sites have been packaged together under one Section 106 Agreement, will deliver 37 (39.4%) affordable homes. This is seven more affordable homes than would otherwise have been the case.
- 3.5 In October 2013 bids were received from three developers. Two of the bids submitted were based on a traditional cross subsidy model whilst the third was an alternative bid based on a lease and lease back model. The bids were clarified, evaluated and a preferred bidder identified in December 2013. Following identification of the preferred bidder the Council commissioned a firm of accountants to undertake a thorough due diligence and benchmarking exercise on the private funding proposed by the preferred bidder.
- 3.6 The benchmarking exercise has demonstrated that replacing the private funder with Public Works Loan Board (PWLB) and European Investment Bank (EIB) funding would, through LBE intervention in the market, result in a significantly stronger return to the Council, a shorter repayment period, and greater flexibility over use of 94 homes.
- 3.7 On 27th February 2014 a meeting was held with EIB officials to discuss funding the Small Housing Sites project as part of a larger programme of investment in Enfield capital projects. The positive outcome of the meeting means that the Small Housing Sites project has been provisionally included in the portfolio of projects which the EIB are prepared to fund.
- 3.8 In accordance with the original Cabinet decision in July 2012, to make the appointment of a developer a portfolio decision, the Cabinet Members for Housing & Estate Regeneration and Finance approved a recommendation to appoint, the preferred development partner, utilising PWLB/EIB funding, for the Small Housing Sites project.
- 3.9 2nd April 2014 full Council approved a recommendation by Cabinet (12th March 2014) to update the General Fund Capital Programme for 2014-16 and allocate funding from the Investment in Private Rented Sector Homes to the Small Housing Sites project.

- 3.10 Note there are no additional costs to the Council from the recommendation to reallocate money from the Investment in Private Rented Sector Homes to the Small Housing Sites project. This borrowing has already been factored into the Council borrowing requirement.

Ordnance Road

- 3.11 In September 2014, a report will go to Cabinet (KD3920) recommending that it be agreed to add a site at Ordnance Road to the Small Housing Sites project (Phase 1). Working in partnership with our appointed developer partner, consultation, design, planning and financial modelling works will be undertaken to develop a detailed proposal for the residential development of the site that could include community space.

It is recommended that Cabinet delegate authority to the Cabinet members for Housing & Estate Regeneration and Finance to approve the specific details of any future development proposal for the site at Ordnance Road. That Cabinet delegate authority to the Directors of HH&ASC and Finance, Resources & Customer Services to approve the budgetary resources to finance the cost of specialist consultants to provide financial cost analysis and design team services to deliver a financially viable scheme with detailed planning consent. In keeping with the original seven sites the SPV will own and have responsibility for management of any privately rented residential units built on this site.

Small Housing Sites (Phase 2) project

- 3.12 In September 2014, a report will go to Cabinet (KD3920) recommending an approach for the planning, design and consultation on the possible development of a number of small council-owned sites across the borough for new housing as part of the Small Housing Sites (Phase 2) project. The report will update Cabinet on the progress made to date on feasibility work for a number of sites, and request a budget to appoint a firm of architects and any other specialist consultants. The report will ask Cabinet to note (or to delegate authority accordingly), that subject to the outcome of consultation, subsequent detailed design work and costings, another report will follow in 2015 setting out an options appraisal for funding and procurement, with a recommendation for the project.

Special Purpose Vehicle

- 3.13 March/April 2014 Cabinet and Full Council respectively delegated authority to the Director of Finance, Resources & Customer Services to make the final decision on funding the loan to the SPV.
- 3.14 The above reports also sought authority in principle to establish a separate wholly owned subsidiary (SPV) that would take a lease of the 57 private rented properties. This report sets out the details of the SPV.
- 3.15 Any delay in setting up the SPV will have Stamp Duty Land Tax (SDLT) and contractual implications. The SDLT is calculated on the value of the sites; the

further the construction works have progressed the more value the sites will have.

- 3.16 The Council has given an undertaking to seek Cabinet consent for the formation of the SPV as soon as possible. Contractually the point is a major one for the developer as they see holding the leases longer than necessary as being a risk issue.
- 3.17 The company structure being proposed could be used to hold other property assets, such as the housing to be developed as part of the proposed Bury Street project and the Small Housing Sites Phase 2 project, or simply be amended.

4. PROPOSAL

PWLB/EIB Finance

- 4.1 Under the PWLB/EIB structure, the Council will be responsible for borrowing the construction cost. Once the SPV has been established the long leases will be assigned to the SPV and the income generated from the rent on the homes held under the long leases will be used as the mechanism for the SPV to repay the loan to the Council.
- 4.2 An SPV is required for this option because legal advice recommends against holding housing assets in the General Fund unless they are held in an SPV to mitigate the risk of the Council being caught by State Aid legislation. Holding homes in an SPV also removes the risk of tenants seeking the Right to Buy.
- 4.3 To mitigate the risk of the SPV being caught by State Aid legislation The Council will arrange the borrowing from PWLB/EIB and lend on to the SPV at a rate which is the greater of either the Council's cost of borrowing or the EU reference rate (– the EU reference rate is currently 4.88%). The SPV will be expected to repay both principal and interest on a 6 monthly basis which equates to an effective cost of finance of 5.9%.

Company Structure

- 4.4 It is proposed that a company is registered at Companies House under a name to be approved by the Cabinet member for Housing and Estate Regeneration. The Company Management Board could easily change the name if they chose to when agreeing a permanent name and brand for the company.
- 4.5 It is recognised that the company may change and develop over time according to decisions made by the Company Management Board, or by the Council, in line with the Scheme of Delegation. The primary focus of the company will be on the management of its assets, initially the 57 new homes, in order to generate an income that will be used to pay back the loan in accordance with the requirements set out in a PWLB/EIB Finance Agreement. Initially it is proposed that the company is formed of Members, officers and two non-executive appointments. The Company Management Board will be guided by the company's Terms of Reference and Articles of

Association. With the possible exception of the non-executive director positions the Board positions will not be remunerated

- 4.6 The Company Management Board will be responsible for the overall management of all aspects of the company. This will include making sure that the company upholds all legal requirements, such as submitting annual returns and accounts and sending notifications of changes in personnel to Companies House. In addition the Company Management Board will oversee the management of the property portfolio ensuring that properties are delivered in accordance with the agreed criteria, that the loan is paid back in accordance with the requirements set out in the finance agreement, any profits paid in the form of dividends, and that regular reviews of the financial model are undertaken.
- 4.7 The company will have a Company Secretary whose duties would include maintaining the statutory registers including:
- Register of Members
 - Register of Directors and Secretary
 - Register of Director's Interests
 - Register of Charges
- 4.8 Initially it is proposed that the board membership will follow the member of Housing Gateway Limited as set out below. Moving forward the membership of the board is expected to evolve to achieve a more commercial focus.
- 3 x Cabinet Members - one of whom will be the Chair.
 - Director Finance, Resources and Customer Services - who will also be Company Managing Director
 - Assistant Director of Community Housing
 - Assistant Director Corporate Governance – who will also be the Company Secretary
 - 2 Non-Executive Directors (possibly to be remunerated).
- 4.9 The sole member (or shareholder) of the company will be the Council. In order for the Council, as sole shareholder, to take decisions in its capacity as shareholder, it needs to have a person acting as its representative who can attend general meetings and/or make sole member resolutions. An example of when the Council as sole shareholder would need to take such decisions is whenever the company constitution needs to change. The Assistant Director Corporate Governance will be the Council shareholder's representative.
- 4.10 This limited company (SPV) once set up could also be used to hold other property assets, such as the housing to be developed as part of the proposed Bury Street project and the Small Housing Sites Phase 2 project.

Property Management

- 4.11 A number of options for the management of the properties should be considered. It is proposed that once established the SPV will assess the options and make a recommendation to the Cabinet Member for Housing and

Estate Regeneration and Director of HH&ASC who under delegated powers will make the final decision on management of the private rented units.

- 4.12 To achieve the market rental income sought the SPV must have a commercial focus if it is to deliver the high levels of service demanded by private rented sector tenants paying a premium.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The Council could decide not to set up an SPV and hold the 57 units for private market rent in the General Fund. This is not considered a viable option as it would see the Council fall foul of legislation Counsel's advice against holding housing directly in the General Fund and open the possibility of private tenants acquiring a secure tenancy including any associated rights such as Right to Buy.

6 REASONS FOR RECOMMENDATIONS

- 6.1 Establishing an SPV, a wholly owned subsidiary of the Council, to borrow the money from the Council and then pay the developer to build the properties benefits the Council in various ways. The SPV serves as a mechanism that enables the Council to intervene in the market to deliver new homes, it returns significant net cash flows to the General Fund and it reduces risk to the Council in two ways. Firstly it allows the Council to obtain lower rates of public funding and make a profit on on-lending at a higher commercial rate to the SPV so avoid any State Aid issues. Secondly it avoids the risk of any private tenants acquiring a secure tenancy or the right to buy the property.

7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES & CUSTOMER SERVICES AND OTHER DEPARTMENTS

7.1 Financial Implications

- 7.1.1 The funding of £17.3m for the development of the Small Housing Sites was approved by Cabinet in July 2014 (Cabinet Addendum 206A).
- 7.1.2 The cost of setting up a wholly owned SPV subsidiary and drafting an arms-length development finance facility agreement will initially be funded by the General Fund. However, this cost will be recouped from future rental income from the private rented properties.
- 7.1.3 The assessment of the financial viability for the redevelopment of the Ordnance Road site has not been completed.

7.2 Legal Implications

- 7.2.1 Section 1 of the Localism Act 2011 gives local authorities a "general power of competence", meaning that they have the legal capacity to do anything which an individual may do unless prohibited by law. This power may be exercised for the benefit of the local authority, its area or for persons resident or present there. The setting up of a company as an SPV falls within that power.

- 7.2.2 The SPV must adhere to the general principles and requirements of company law as set out in the Companies Act 2006 and associated legislation.
- 7.2.3 Legal documentation connected with the formation and running of the company should be in a form approved by the Assistant Director (Legal Services).

7.3 Property Implications

- 7.3 There are no property implications arising from the proposal for the Council to form a limited liability company (SPV). There will be property implications to consider when Kier seek to assign the leases, of the properties on which the private rented properties are being constructed, to the SPV. The assignments will be dealt with by the Council under the Property Procedure and by the board of the SPV under rules to be agreed after the establishment of the SPV.

8 KEY RISKS

- 8.1 Housing needs change and the demand for private rented properties and subsequently level of market rents achievable declines. Independent research by Strettons into the dynamics of the private rented sector in Enfield evidences that private rental income streams have and are likely to continue to be above the retail price of inflation.
- 8.2 The project does not break even over the life of the lease term due to rent arrears, voids and also depreciation in capital value. A robust financial model has been produced that makes prudent assumptions on income and expenditure. This will be reviewed and updated over the life of the project to ensure the assumptions continue to be accurate. Exit strategies have been considered and the company will have the ability to sell assets if required.
- 8.3 Reputational risk for the Council if the company is not financially sustainable. This is mitigated as far as possible by a robust financial model that will be monitored closely throughout the life of the lease term. Plus the company/Council has the option to exit the scheme by selling the assets at any time.
- 8.4 The Council receives a legal challenge due as the project is considered to be in breach of State Aid. Expert legal opinion has been sought and concludes that provided the terms and interest rate offered on any loan by the Council to the company meet the Market Economy Lender Principles that loan would not be State Aid or alternatively the arrangements between the Council and the company could be structured to meet one of the exemptions.

9 IMPACT ON COUNCIL PRIORITIES

9.1 Fairness for All

- 9.1.1 Increasing the supply of quality accommodation within the Council's control, will enable the Council to increase access to both secure

affordable accommodation, for some of the most vulnerable residents in the borough, and high end quality accommodation for private rent.

9.2 Growth and Sustainability

9.2.1 Access to good quality, stable housing is a key aspect of a person's health and wellbeing. By using long term finance the Council will remove concerns over refinancing or the need to sell properties after a few years. Furthermore by ensuring properties are maintained to a good standard, the scheme will be able to increase the supply of quality accommodation and in turn improve health and wellbeing and prospects of securing employment.

9.3 Strong Communities

9.3.1 By increasing the supply of quality homes that the Council can access within the borough and the surrounding area, this will increase opportunities for local residents to access employment and training and thus reduce the likelihood of them requiring additional services from the Council.

10. EQUALITIES IMPACT IMPLICATIONS

10.1 A full equalities impact assessment has been prepared for the project. Allocations to individual properties will be made in line with existing Council policies, which have also been equality impact assessed.

11. PERFORMANCE MANAGEMENT IMPLICATIONS

11.1 Through this project the Council has the opportunity to address a shortfall between supply and demand of quality public and private accommodation available for rent in Enfield. This in turn, provides the opportunity for the Council to make a positive impact for wider objectives, such as reducing employment and improving health and wellbeing.

12. HEALTH AND SAFETY IMPLICATIONS

12.1 All properties constructed will be built to the highest standards and subject to health and safety certification prior to habitation.

13. HR IMPLICATIONS

13.1 The local authority company will appoint relevant personnel in accordance with HR processes and procedures. The terms of existing members of staff will not be affected as a result of this project.

14. PUBLIC HEALTH IMPLICATIONS

14.1 Issues arising during the demolition and construction phases will be closely monitored and contractors will be required to work in accordance with the Considerate Constructors Scheme.

- 14.2 By increasing the supply of good quality housing in the borough across tenures, health and wellbeing of individuals will be improved.
- 14.3 Through employment and training opportunities people will be actively encouraged and enabled to return to work, with all the positive outcomes associated with being economically active i.e. improved general well-being, self-esteem and longer term employability.

Background Papers

None.

MUNICIPAL YEAR 2014/2015 REPORT NO. 22

MEETING TITLE AND DATE:

Cabinet 23rd July 2014

REPORT OF:

Director of Health, Housing and Adult Social Care

Contact officer and telephone number:

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Agenda - Part: 1	Item: 12
Subject: ALMO Reintegration	
(Key Decision No: 3911)	
Wards: All	
Cabinet Member consulted: Cllr Oykener	

1. EXECUTIVE SUMMARY

- 1.1 Enfield Homes was established as an Arms Length Management Organisation in 2008, to deliver a programme of works to bring the Council's housing stock up to the Decent Homes standard (KD 2142). The responsibilities were defined in a Management Agreement which expired in 2012 but had the option to extend. The establishment of an ALMO was a pre-requisite of obtaining Decent Homes funding, which at the time of the decision was confirmed at up to £50 million.
- 1.2 A Housing Management Review was undertaken by Campbell Tickell in 2012, supported by a test of opinion with residents. Following a recommendation from Cabinet (July 2012), Council (September 2012) approved the revision and extension of the Management Agreement with Enfield Homes to March 2015 (or the cessation/significant reduction of external Decent Homes funding, whichever was sooner). Linked to this decision Cabinet approved a number of further recommendations with a view to working with stakeholders to agree a smooth transition to a Council led Housing Service following the expiry of the Enfield Homes Management Agreement on 31st March 2015.
- 1.3 Cabinet agreed that a further review of progress be undertaken in 2014. An update is provided within section 3 of the report and, in line with previous decisions, it is now formally proposed that Enfield Homes is reintegrated back into the Council, and Cabinet approval is sought to confirm the earlier decisions. This will provide an opportunity to deliver efficiencies and streamline functions across the Council in the delivery of both housing and back office services. This will enable resources to be re-prioritised to improve the service provided to tenants and leaseholders.

2. RECOMMENDATIONS

- 2.1 Note the earlier decision by Cabinet in 2012 (KD 3531) approved by Council (KD 3531), regarding the extension of the Management Agreement until March 2015 with a number of recommendations to ensure a smooth transition back to the Council, subject to a further review in 2014.
- 2.2 Agree to confirm and progress the plans to reintegrate Enfield Homes back into the Council formally on 1st April 2015, following the expiry of the Management Agreement.
- 2.3 Agree to dissolve Enfield Homes as a legal entity from 1st April 2015 onwards.
- 2.4 Endorse plans to streamline functions and reintegrate elements of Enfield Homes prior to April 2015 where appropriate and legally permissible.

3. BACKGROUND

- 3.1 Enfield Homes was established as an Arms Length Management Organisation in 2008, to deliver a programme of works to bring the Council's housing stock up to the Decent Homes standard (KD 2142). Enfield Homes currently has responsibility for the management and maintenance services for over 11,000 rented Council owned properties and approximately 4,500 leasehold properties. The responsibilities were defined in a Management Agreement due to expire in 2012 but with the option to extend.
- 3.2 In July 2012 the Council commissioned Campbell Tickell to undertake a Housing Management Review, seeking to assess the effectiveness and efficiency of Enfield Homes, with a view to identifying options for management arrangements from April 2013 onwards. The findings of the Housing Management Review were reported to Cabinet via KD 3531 in July 2012. Following a recommendation by Cabinet in 2012, Council approved a decision to revise and extend the Management Agreement with Enfield Homes until March 2015, with a view to working with stakeholders to agree a smooth transition to a Council led Housing Service following the expiry of the Enfield Homes Management Agreement on 31st March 2015. This decision was made to ensure that Enfield Homes could benefit from the remaining Decent Homes Programme funding, which ceases in March 2015. In addition, the transfer of functions back to the Council will also deliver efficiencies, which will enable resources to be re-prioritised to improve the service provided to tenants and leaseholders.
- 3.3 Cabinet further agreed a number of supporting recommendations to implement during the extension of the Management Agreement (via KD 3531), to ensure a smooth transition back to the Council subject to a further review in 2014. Good progress has been made to address the areas identified and joint working between Enfield Homes and Enfield Council has been strengthened during the two year extension, in preparation for reintegration. The

recommendations and progress against these are shown below in sections 3.4 to 3.8.

- 3.4 ***That changes to leadership and governance arrangements (including to the Memorandum and articles of Association) are introduced that ensure Enfield Homes operates in closer partnership with the London Borough of Enfield.***

During the two year extension this recommendation was addressed via the appointment of a Joint Chief Operating Officer across Enfield Homes and Enfield Council. The post holder's annual objectives were set jointly by the Chair of the Enfield Homes Board and the Director of Health, Housing and Adult Social Care. In addition, Enfield Homes Senior Management Team meetings were extended to include the Head of Development and Estate Renewal, Head of Housing Management Performance and Housing Revenue Account Governance Manager; all posts within the Council to promote closer partnership working across the two organisations.

- 3.5 ***That common support services are further reintegrated to provide efficiencies and savings across both organisations.***

This has been addressed by shared leadership from the Joint Chief Operating Officer. In addition, Human Resources, Learning and Development and Housing Allocations functions all transferred back to the Council in August 2013. A Joint Head of Housing Finance, covering all of the Council's Housing activity, was appointed in April 2012. There has also been a merger of the Enfield Homes Business Development function with the ALMO Client Team, now managed within Enfield Homes. Finally, some elements of the Mutual Exchange function have been combined and moved into Enfield Homes and the Health and Safety operations of both organisations are being prepared to merge from July 2014. Overall, these changes have achieved efficiencies of £519K, which is expected to increase following reintegration.

- 3.6 ***That all opportunities for shared contractual arrangements are rigorously explored and implemented to enhance quality and reduce cost.***

The Council and Enfield Homes have sought to explore opportunities for shared contractual arrangements and a joint procurement exercise has been undertaken for the Ground Maintenance and Tree Management contracts, which is expected to realise economies of scale and deliver better value for money.

- 3.7 ***That Enfield Homes improve the service received by Ward Councillors, particularly in respect of housing enquiries and complaints.***

A review of complaints and Member Enquiries processes was undertaken to respond to this recommendation. This resulted in a restructure and the service is now managed by the Enfield Homes Head of Customer Services and the Operations Manager, ensuring an increased level of management support is

available. A new database has been implemented to support the new processes, which improves the ability to acknowledge and track enquiries. In addition, Ward Councillors now benefit from a dedicated Member Enquiry process with an improved response time of eight working days (compared with a 10 working day response target for customer complaints). In 2013-14 there were a total of 752 Members' Enquiries which is an increase of 346 (46%) from 2012-13. Of these 93% (700) were responded to within the improved response time of eight working days, which upheld the performance of 2012-13 despite the increased volume.

3.8 *That Enfield Homes and the Council jointly review and improve the satisfaction of leaseholders with their housing services.*

During the two year extension of the Management Agreement Enfield Council and Enfield Homes have implemented a number of initiatives to improve leaseholder satisfaction. This has included:

- Updated templates and supporting information for statutory consultation notices, to ensure these are relevant to customers and easy to understand
- Improved the information to leaseholders about major works available on the Enfield Homes website
- Introduced ward boundary maps that identify what planned maintenance work is planned and when
- The Customer Input Tool shows the projects planned, with timescales, and the impact it will have on a particular block or road
- The Financial Assistance package has been reviewed and an enhanced payment option package has been developed and is currently being discussed with the Lead Cabinet Member prior to implementation
- The Right to Buy process has been reviewed to ensure that leaseholders receive necessary information at the start of the process and are clear on the implications and responsibilities of being a leaseholder.

3.9 As outlined in sections 3.4 to 3.8, the recommendations requested by Cabinet have been implemented in preparation for reintegration, which will further align Council Housing with Community Housing and the wider Council departments.

3.10 As the reintegration of Enfield Homes into Enfield Council will involve a significant transfer of responsibilities for housing management and maintenance services, the Council and Enfield Homes recognises the importance of early planning to ensure a smooth transition. A Reintegration Project Board has therefore been established to provide strategic oversight to the transfer and monitor progress. The Board is chaired by the Director of Health, Housing and Adult Social Care and reports to the Leader Design Board to ensure that the future operating model is consistent with the Enfield 2017 programme. In addition, the Reintegration Project Board reports to the Housing Board, ALMO Board and the Cabinet Member for Housing and Estate Regeneration. The Reintegration Project Board comprises the following officers:

- Director of Health, Housing and Adult Social Care (Chair)

- Joint Chief Operating Officer Assistant Director, Corporate Governance
- Acting Assistant Director of Finance
- Assistant Director – Human Resources
- Assistant Director Legal services
- Director of Operations
- Director of Technical & Property Services
- Head of Transformation
- Reintegration Programme Manager.

3.11 To support the Reintegration Project Board, six workstreams have been established. Through the workstreams, a comprehensive project plan has been produced, to capture the key activity that needs to take place, to enable the Board to monitor progress accurately and ensure that Enfield Homes is reintegrated back into the Council following the expiry of the Management Agreement on 31st March 2015. As part of the planning, a number of functions will be streamlined and reintegrated prior to April 2015 where appropriate. The workstreams and examples of their remit are shown below.

3.11.1 Human Resources

- TUPE consultation and transfer
- Deliver HR staff briefings
- Devise LBE staff induction for those staff transferred
- Review HR policies and procedures with a view to alignment
- Provision and comparison of employment terms & conditions from both organisations
- Review pre-transfer recruitment to permanent, fixed term and agency roles within Enfield Homes to ensure terms and conditions are aligned to the Council's.

3.11.2 Finance

- Year end closure and audit
- Calculation of any outstanding insurance claims
- Re-integrate the Enfield Homes pension fund into the Council's
- Completion of tax returns
- Transfer of financial records
- Integrate Enfield Homes payroll into Enfield Council payroll
- Notify all suppliers of the transfer to Enfield Council
- Review payments processes from 1st April 2015
- Budget planning for 2015/16
- SAP development to remove Enfield Homes as a discreet entity and establish appropriate budget codes at Enfield Council.

3.11.3 Operational

- Review ways of working and identify any synergies that exist across Enfield Homes and the Council, to ensure the most efficient structure post reintegration that is aligned to the Enfield 2017 programme.

- Review current customer contact and agree the customer service model for Council tenants post reintegration, in line with the Enfield 2017 model.

3.11.4 Future Governance & Company Administration

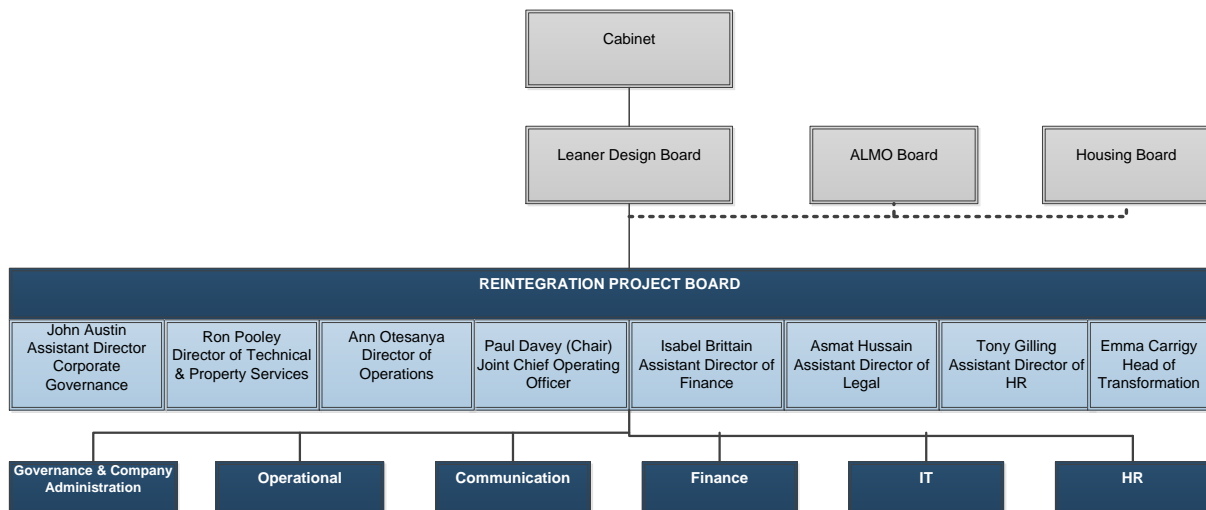
- Agree and establish future governance arrangements and engagement with tenants and leaseholders following reintegration
- Identify manner and timing of current Board Director resignations
- Draft Transfer Agreement confirming all assets and liabilities of Enfield Homes following the transfer to Enfield Council
- Dissolve Enfield Homes as a legal entity
- Review Board Director liability post reintegration and ensure appropriate measures and insurance is in place.

3.11.5 IT

- Identify all IT systems/licenses to be transferred to LBE
- Extend the MI Portal to Enfield Homes staff
- Transfer email addresses to Enfield Council standard addresses
- Remove Enfield Homes internet and intranet sites as stand-alone and transfer material across to Enfield Council website and intranet
- Ensure that Enfield Homes staff are included in any corporate wide or relevant new IT systems roll out as part of the transformation programme
- Further standardisation of information systems and equipment, building on the work already done to date, to enable greater savings, lower technical risk and better information sharing.

3.11.6 Communication

- Notify tenants and leaseholders of the changes via the quarterly Housing newsletter, Senate briefings and relevant forums
- Develop and implement a Communications Strategy across Enfield Council and Enfield Homes
- Lead communication with staff to include a newsletter, designated intranet pages to provide an update on reintegration, Staff Forums and briefings and senior management attendance at team meetings
- Discontinue the Enfield Homes branding
- Move the content on the Enfield Homes website and intranet across to the Housing pages on the Council's website
- Ensure communication with wider stakeholders including the Enfield Homes Board, Trade Unions and senior management at the Council.



3.12 Given the challenging financial climate, the Council is developing revised structures and way of working to enable continued operational effectiveness with reduced resources, through the Enfield 2017 programme. The reintegration of Enfield Homes will therefore be aligned to the wider transformation programme. Throughout Summer 2014 the services provided by Enfield Homes will be reviewed and a range of structural options will be explored and recommended for consideration, developed in conjunction with stakeholders. A phased approach will be taken to introducing any changes to ways of working and staffing structures, to ensure that quality of service is maintained throughout the transition. Where appropriate and legally permissible under the Transfer of Undertakings Protection of Employment (TUPE) regulations, processes and resources will be aligned across Enfield Homes and the Council prior to the formal expiry of the Management Agreement on 31st March 2015.

3.13 In considering the options for future processes, structures and delivery models the following principles will be applied:

- Sustainable, efficient and the lowest possible cost services are to be the key characteristics of future Council services
- There will be increased self-service options available for tenants and leaseholders 24/7
- Where possible, there will be a single reorganisation for affected staff groups, so timescales will be aligned to the Enfield 2017 programme and take a phased approach
- Cabinet Members will be presented with a range of structural options, developed in conjunction with stakeholders, that may include a range of options from dedicated housing staff through to a housing function that is blended as part of other operational teams with the wider Council functions
- There will be ongoing engagement with staff, tenants and leaseholders
- Consensus regarding decisions on the future operating model and structure will be sought across the Council and ALMO Board where possible
- Decisions will be made on the basis of expert legal and HR advice regarding the Transfer of Undertakings Protection of Employment (TUPE) regulations to ensure compliance will all obligations that apply

- Any selection processes associated with a re-organisation as a result of Enfield 2017 or Enfield Homes reintegration will be fair and transparent to staff across both the Council and Enfield Homes
- There will be fair and transparent apportionment of any savings/costs as a result of reintegration between the General Fund and Housing Revenue Account.

3.14 As stated in 3.10, the Reintegration Project Board will ensure that key stakeholders are appraised of progress, reporting to the Enfield Homes Board, Housing Board, Corporate Management Board, senior management teams and Cabinet Member for Housing and Estate Renewal. In addition the communications workstream will continue communication with tenants and leaseholders.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The housing management and maintenance services for tenants and leaseholders occupying Council stock could continue to be provided by Enfield Homes as an Arms Length Management Organisation through a new Management Agreement. As the Decent Homes Programme funding is expected to cease in March 2015, there is a financial dis-benefit to retaining an Arms Length Management Organisation, as reintegration offers greater opportunities to streamline ways of working and deliver efficiencies across the wider housing service and Council. This will enable resources to be re-prioritised to improve the service provided to tenants and leaseholders.

4.2 A new Management Agreement that incorporates additional Council services or shared services with neighbouring boroughs could be issued. This was considered as part of the 2012 Housing Management Review and was not deemed a viable option and as a result was discounted. The Council's transformation programme, Enfield 2017, is seeking to streamline Council functions so the incorporation of additional services into the ALMO would compromise the wider Council transformation and reintegration offers the opportunity to deliver streamlined, holistic services to local residents.

4.3 The housing stock could be transferred to an independent registered provider or a partial transfer to facilitate estate regeneration. This was considered as part of the Housing Management Review and discounted due to a risk of losing focus on the day-to-day management and maintenance in preparing for a potential transfer, which would require extensive approvals and tenant consultation. Additionally, the review found that this option was not favoured by local residents.

5. REASONS FOR RECOMMENDATIONS

- The Enfield Homes Management Agreement ceases on 31st March 2015.
- The Decent Homes Programme funding allocated to the Council ceases in March 2015 therefore there is no longer a financial incentive to separate the housing management and maintenance functions from the wider Council.

- Enfield Homes and the Council have been successful in delivering the recommendations approved by Cabinet in July 2012 to prepare for reintegration.
- The reintegration of Enfield Homes offers opportunities to streamline functions across the Council and Enfield Homes, which will enable more efficient working so resources can be effectively prioritised to improve the services delivered to local residents.
- The reintegration of Enfield Homes offers the potential for efficiency savings of up to £540K through the deletion of the Enfield Homes Chief Executive post and the governance function, accountancy services, HR savings and from a review of the senior management structure including the appointment of Joint Chief Operating Officer and Joint Head of Housing Finance.
- There is the opportunity to improve the performance of the housing management and maintenance services by building on synergies that exist between the services provided by Enfield Homes and those by the Council.
- Available options for future service delivery models, processes and staffing structures will be explored in line with an agreed set of principles, with a view to taking a phased approach to reintegration to coincide with Enfield 2017 timescales, uphold TUPE obligations and maintain the quality of service provided to residents throughout the transition, so a streamlined, efficient and effective housing service can be successfully delivered.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 The earlier Cabinet report ('Housing Management Review' July 2012, KD 3531) regarding reintegration outlined the potential for £333k savings if the Council retained the ALMO and £540k if the ALMO was reintegrated.
- 6.1.2 Savings of £347k have already been delivered, as has a further saving of £171k from the deletion of the Chief Executive post and the creation of a Joint Chief Operating Officer across the Council and Enfield Homes. The total savings to date is therefore £519k.
- 6.1.3 Based on the initial review, further potential savings were identified relating to Finance, Governance and a review of the Senior Management structure. These, and further savings, will be identified as the workstream activity progresses.
- 6.1.4 The cost of reintegration is being met predominantly from within existing staff resources. However there is the additional cost of a project

manager and there are likely to be additional legal and financial costs. These will be contained within existing HRA resources.

6.2 Legal Implications

- 6.2.1 Under Local Government Act 1999, the Council has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness. The steps to reintegrate the ALMO into the Council outlined in this report assist the Council in meeting this duty.
- 6.2.2 Section 8 of the Housing Act 1985 places a duty on local authorities to review and provide housing in their area. By section 27 of the same Act, a local authority may enter into a management agreement with another organisation to manage its housing stock. The ALMO's primary objective was to achieve the Decent Homes target across the local authority housing stock that it manages.
- 6.2.3 Communities and Local Government issued guidance in December 2011 with regards to Councils considering the future of their ALMO housing management services. The guidance makes it clear that a Council does not need to seek the Secretary of State's permission if considering bringing the service back in house, but in the interests of fairness and consistency, rigorous consultation should take place with the tenants, which is no less rigorous than that when the service was recommended for transfer to an ALMO. The guidance also requires that a comprehensive risk assessment is undertaken. The report outlines the steps taken to comply with these requirements.
- 6.2.4 In addition to the above, section 105 of the Housing Act 1985 requires local authorities to consult tenants on matters of housing management. It is noted that consultation took place in 2012 when the decision to work towards reintegration was taken. It is also noted that an equalities impact assessment has been undertaken.
- 6.2.5 The current Management Agreement between the Council and Enfield Homes, dated 1st April 2008 contained the necessary provisions to enable the Council to amend the contractual arrangements including extension provisions. The Company documentation such as the Articles of Association will need to be amended in accordance with the Companies Act 2006 and any amendments thereof. Such amendments/extensions will need to be in a form approved by the Assistant Director of Legal Services.
- 6.2.6 The procurement of any goods/works/services such as the appointments of any consultants to assist will need to be in accordance with the Council's Constitution, in particular the Contract Procedure Rules and EU requirements.

6.3 Property Implications

- 6.3.1 Enfield Council has overall responsibility for all aspects of its estate, including that currently managed on a day to day basis by Enfield Homes. The reintegration of Enfield Homes will enable improvements in delivering key functions such as Corporate Landlord and Planned and Responsive Repairs and Maintenance to the Council's property assets, thereby helping to reinforce the estate-wide responsibilities that the Council has.
- 6.3.2 It will also look to build on already established working practices to ensure a quality service is provided to tenants/leaseholders in such area as Right to Buy and Greensward disposals / licencing.
- 6.3.3 Such synergies will improve the service provided by the Council and Strategic Property Services will work closely with Enfield Homes to ensure a smooth reintegration.

7. KEY RISKS

A comprehensive risk register will be monitored by the Project Board and workstreams on a monthly basis, to ensure that all mitigating action is taken. However, the key risks are as follows:

- **The reintegration of Enfield Homes is a significant transfer in challenging timescales, which may result in delayed reintegration as this is being progressed in addition to business as usual activity.**
This has been mitigated by advance planning for reintegration, including some transitional transfers, for example the appointment of a Joint Chief Operating Officer. A Project Board has been established to provide leadership and monitor progress, and seven key workstreams have been formed. Given the many other challenges the Council faces, timescales are a risk but given the preparatory work that has already taken place and the robust governance arrangements, the deadline of 1st April 2015 for reintegration is achievable.
- **The reintegration of Enfield Homes requires organisational change, to ensure that the organisation is re-aligned with the Council and revised ways of working. Any significant change presents a risk to a staff morale and performance.** This will be mitigated by regular communication with staff at Enfield Homes and the Council and the application of change management techniques. A phased approach will be taken to reintegration, so functions can be aligned with the Council in advance of the expiry of the Management Agreement where possible.

- **The reintegration of Enfield Homes may adversely impact on the quality of service provided to tenants and leaseholders.**

A communication workstream has been established to lead stakeholder engagement, particularly communication with tenants and leaseholders. Tenants and leaseholders were engaged as part of the Housing Management Review in 2012 and have received regular communication about the planned changes since. Staff will be engaged and supported throughout the process to minimise the impact on performance, and a phased approach to reintegration will be adopted where possible.

- **Challenges may be received from staff regarding any perceived changes to terms and conditions.**

The Transfer of Undertakings Protection of Employment (TUPE) transfer process will be followed, which protects where applicable, existing terms and conditions of employment. There are some differences between the terms and conditions of Enfield Homes and Enfield Council staff, which may present an employee relations risk. The longer term aim will be to secure fair and equitable conditions for all Council staff.

- **Reintegration is occurring during a period of significant change for the Council, where there may be the requirement for restructuring and selection processes, to be balanced against the TUPE process and fair opportunities for all staff.**

This will be managed through continued communication with staff at the Council and Enfield Homes and working closely with HR and the Leaner team. The TUPE process will be followed throughout the reintegration process and expert legal advice will be obtained to guide decisions

- **Reintegration will coincide with the timescales for awarding a new Repairs and Maintenance contract, resulting in a high level of change in the same period, which may have an adverse impact on performance and the quality of service provided to tenants and leaseholders.**

This will be mitigated by adopting a phased approach to reintegration, to introduce changes gradually, both before and after 1st April 2015 as appropriate.

- **Enfield Homes is not fully integrated into the Council and the Enfield 2017 model therefore opportunities for more efficient ways of working and an improvement in the quality of service delivered are not realised.**

This is being mitigated by engaging with the Enfield 2017 team throughout the planning process and through the operational workstream which will be reviewing the synergies that exist across Enfield Homes and the Council.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

The Housing Management Review considered the options available following the expiry of the Enfield Homes Management Agreement. As part of this, tenants and leaseholders were involved via an extensive consultation in 2012 and had the opportunity to comment on future housing arrangements via a transparent process.

8.2 Growth and Sustainability

The growth and sustainability of the housing stock and service will continue to be governed through the Housing Revenue Account 30 year Business Plan and underpinned by the Asset Management Strategy, so a planned approach to the sustainability of existing housing stock and the development of new stock is taken and built on a sound business case.

8.3 Strong Communities

Excellent housing management and high quality housing stock are key components of strong communities. Tenant participation will be continued post reintegration and revised governance boards and structures will be considered as part of the company administration workstream.

9. EQUALITIES IMPACT IMPLICATIONS

An Equalities Impact Assessment will be undertaken.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

There are robust performance management arrangements in place for housing services delivered by Enfield Homes. These will be reviewed and amended as necessary to support the new structures, and will continue to be monitored closely.

11. HEALTH AND SAFETY IMPLICATIONS

The health and safety arrangements in place at Enfield Homes will continue, such as fire risk assessments and Construction Design and Management. Health and Safety standards will not be changed as a result of reintegration and will continue to meet all required standards. Any synergies that exist across the Council and Enfield Homes Health and Safety teams will be explored as part of the operational workstream.

12. HR IMPLICATIONS

- 12.1.1 The reintegration of Enfield Homes is covered by the Transfer of Undertakings Protection of Employment (TUPE) regulations. There are approximately 282 employees at Enfield Homes who will be transferred to the Council on their existing terms and conditions of employment at the point of transfer. It should be noted that whilst many of the terms and conditions of employment are consistent between the two organisations, there are some differences and these can only be changed post transfer if there is an Economic, Technical or Organisational reason for doing so unconnected with the transfer.
- 12.1.2 Work has already commenced on aligning the key HR policies and procedures between the two organisations since the introduction of the shared HR service.
- 12.1.3 Appropriate consultation will need to take place with staff and trade union representatives impacted by the TUPE transfer, which will include staff at the Council as well as Enfield Homes. There isn't a minimum time requirement for the consultation but this should be "meaningful" and as soon as the decision is known. Appropriate channels for communication are in place or currently being set up.
- 12.1.4 The Operational workstream will consider organisational structures and the management team structure, to ensure that this is aligned with the wider Council structure and functions are streamlined where possible. If this results in any proposed changes, this will be the subject of a separate report and full consultation will be undertaken with the affected staff and Trade Unions.

13. PUBLIC HEALTH IMPLICATIONS

Housing is one of the key determinants of health. By continuing to provide high quality and effective housing management and maintenance services, there will be a positive impact on the health and wellbeing of tenants.

Background Papers

None.

MUNICIPAL YEAR 2014/2015 REPORT NO. 24

MEETING TITLE AND DATE:

Cabinet Meeting, 23rd July
2014

REPORT OF: Ray James

Director of Health Housing
and Adult Social Care

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Agenda – Part: 1	Item: 13
Subject: Reprovision Project	
Wards: All	
Key Decision No: 3963	
Cabinet Member consulted:	
Councillor Don McGowan	

1. EXECUTIVE SUMMARY

1.1 The Cabinet and full Council in July 2013 agreed to commission the design and construction of a dual registered care home and then procure the service delivery aspect of the project separately via a contract of an appropriate length as the proposed preferred option.

1.2 Atkins Global Ltd (the multi-disciplinary design team) have; undertaken a feasibility study on the proposed project and site, prepared scheme designs and associated documentation, and submitted a Planning Pre-Application from which advice has been provided by the Council's Development Control service.

1.3 It is proposed to appoint the preferred bidder (detailed in Part 2 of this report) as building contractor selected via a competitive procurement exercise undertaken through the iESE framework to deliver the pre-construction stage of the project and then, following this, to be appointed to construct the building.

1.4 It is envisaged that building construction will begin late this year 2014 and that the new registered care home will be occupied by the resident group and begin operation by February 2016.

1.5 In terms of scheduling the tender process for the service provision contract, we would expect this to be launched approximately 15 months prior to completion of construction of the building.

2. RECOMMENDATIONS

2.1 To note the content of this report; and

2.2 To agree to appoint the preferred contractor at a contract sum as detailed in the accompanying Part 2 report, following a procurement process undertaken utilising the iESE framework to undertake:

- Pre-construction stage of the new Reprovision Project residential nursing and care home and, subject to satisfactorily undertaking this work, to
- Construction of the new care home facilit

3. BACKGROUND

3.1 This report seeks authority for the Council to enter into a contractual agreement to appoint preferred contractor (detailed in Part 2 of this report) following a procurement process undertaken utilising the iESE framework to undertake:

- Pre- construction Services for the new Reprovision Project residential and care home and subject satisfactorily undertaking this work
- To undertake the construction of the new facility

The commissioning of the construction of the Reprovision Project building was previously agreed by Cabinet July 2013 and funding approved by full Council

3.2 The Reprovision Project remit has been to re-organise and improve care provision to older people through the reprovision of two Local Authority run Care Homes (Coppice Wood Lodge and Bridge House) that in the future will not be registerable by CQC and to re-provide a high quality service within a single new purpose built building.

It should be noted that unless a viable alternative to Coppice Wood Lodge and Bridge House is developed, eg build a new Care Home, we will be unable to close the two facilities and consequently will not adequately meet needs of the client group. There have been clear commitments made to relatives of service users and others to re-provide these services, and also the former Elizabeth House service, into a single new facility. Investment into the two existing homes has been curtailed over recent years in view of this proposal.

If the buildings were to be retained as operational buildings, investment would be required to improve their condition. They would still not meet the required space standards, to do so would require considerable capital investment, which may still not fully address these deficiencies, most notably the requirement for bedrooms to be a minimum of 12 square metres, and the provision of en-suite bathrooms, which is now considered mandatory.

3.3 It has been planned that the new facility would provide care and accommodation for a minimum of 70 bedspaces for older people initially catering for the transferring resident population from the two closing care homes and then through time developing into a specialist facility for older people with dementia and/or nursing related need to be sited on the former Elizabeth House Site, 1 Old Road, EN3.

3.4 Consultation has been on-going and continues. This includes regular briefings with relatives, residents and staff of Coppice Wood Lodge and Bridge House on proposals, also Enfield Old Charitable Trust (owners of the Alms Houses adjacent to the site), partner agencies in health and voluntary sector. Feedback from these discussions has been extremely positive to the new development. As part of our planning permission process further consultation will be undertaken with agencies in the local area eg schools and local community.

3.5 Since the project was agreed by Council (2013) we anticipate that there may be some cost increase due to inflation levels within the building industry, costs associated with potential requirements of the Council's Development Control service, and the decision to fit a fire sprinkler system within the facility. There previously has been no advice in relation the requirement of a sprinkler system.

- 3.6 The proposed building will be environmentally sensitive in a number of ways. Current proposals for consideration for example include air source heat pumps,, low carbon emission, photo voltaic solar panels and considerate landscaping and planting. The planning requirement is to provide 40% of energy requirements from renewable sources.

3.7 **Brief Summary of Demand over the next 3 – 5 Years**

There are potentially three groups of older people who may present with the complex needs described above in terms of the eventual future service user population and therefore maybe at risk of admission to residential/nursing care (Taylor *et al*, 2010). Some individuals fall into more than one category:

- Those with dementia (organic mental illness), some of whom may have challenging behaviours. The number with moderate or severe dementia – those frequently most at risk of admission - was estimated to be 1,225 in 2011;
- Those with significant (and often multiple) physical impairments that prevent them from undertaking activities of daily living because of frailty, disease and/or long-term conditions. It is estimated there are 4,050 older people aged 65+ years with higher levels of such dependencies in Enfield;
- Those with substantial nursing care needs including those with continuing health care needs. However, there is evidence that the health-related characteristics of individuals in nursing care are increasingly overlapping with those in residential care (Lievesley, Crosby & Bowman, 2011).

There is likely to be an increase in the number of the first two groups over the next 3–5 years (e.g. the number of those with dementia increasing by 10% between 2015 and 2030), driven by an increase in the number of older people and improvements in overall life expectancy, it is expected that this population will increase significantly over the next 20 years. There is also clear evidence within the third group that there has been an increase in the number of people with these complex conditions over the last 5 years in Enfield – although the impact of this has been to some degree minimised (demand reduced) through re-ablement and rehabilitation programmes which have enabled some to remain in the community/supported accommodation. However it should be recognised that the Reprovision Project is geared to respond the needs of those with the higher levels of complex need who require a specialist nursing/residential care facility.

Current experience of the Council in seeking to place service users into residential nursing care shows a significant shortage of available accommodation within the borough and neighbouring areas and evidence shows that this shortage it likely continue due to increasing demand.

3.8 **Cabinet/Council Decision**

In July 2013 Cabinet agreed the following recommendations (with Council agreeing capital funding for the project);

1. Commission the building of the dual registered nursing and residential care facility;
2. Then procure the service delivery aspect of the project separately;

3. Commission the facility in a manner that ensures the most advantageous cost, and is of a quality fit for purpose, reflecting best value to the Council. This may include commissioning through the use of a framework agreement such as Scape, or other, as appropriate;
4. Approve the addition of the Reprovision Project to the Council's capital programme, at an estimated project cost of £6.86million, over 37 months, which includes expenditure on professional and technical costs. To facilitate undertaking inception, feasibility and scheme design stages estimated at £200k; and
5. Recommend that delegated authority be given to the Director of HHASC and the Director of FRCS to authorise further expenditure for professional and technical costs as may be necessary for taking this project to formal contract execution stage.

Cabinet agreed that the Council commission the building and through the construction contract ensure that the development be to an acceptable level of quality, at a fixed price, and with provision for flexibility, thereby future proofing the building allowing for future changes in the sector. On-going running costs of the building will be dealt with as part of the contractual arrangement with the selected care service provider.

- 3.9 Following this Atkins Global Ltd were appointed as the multi-disciplinary design team through the Scape framework. To date they have:
 - Undertaken a feasibility study on the proposed project and site
 - Prepared scheme designs and associated documentation
 - Submitted a Planning Pre-Application to which advice has been provided by the Council's Development Control service
- 3.10 In terms of appointing a building contractor it was decided to use a framework agreement due to the estimated cost of the facility being over the EU threshold for works (£4,322,012) so would be subject to a full EU procurement exercise unless a pre-tendered OJEU complaint framework could be utilised. The main advantage to the Council of using a framework agreement is that it avoids having to go through the full OJEU process resulting in:
 - reduced commissioning costs
 - significantly reduced timeline for the development of the facility
 - risk transfer away from the Council
 - consume less resources in undertaking the tender process
- 3.11 Following a review of framework agreements which were available to the iESE (Improvement and Efficiency South East) framework created by Hampshire County Council was identified as the most appropriate. This offered a number of potentially

suitable building contractors (8) with substantial capacity and relevant care home construction experience.

The iESE framework is in its second generation, two years into a four year agreement, and spend to date is over £1b. It is a well-regarded framework, operated by Hampshire County Council. EC Harris, a leading international construction related consultancy have provided an independent view of this framework and have advised that this framework is an appropriate procurement vehicle for this project.

Following the authorisation via an operational DAR, Legal Services signed and sealed an Access Agreement with iESE allowing use of the framework.

iESE has enabled the Council to run a mini-tender exercise within the framework, thus supporting delivery at best price/quality and at a timescale that enables moving the project forward proactively.

3.12 The procurement process was as follows:

- All eight major contractors on the framework were notified and invited to submit expressions detailing experience, capacity, approach etc.
- Framework evaluation has down-selected through a two-stage bid process, initially to three contractors, based on a capability assessment, then to a single contractor.
- It is proposed that the selected contractor is appointed under a “Pre-Construction Agreement”, during this period they are paid a fee to develop the design, , develop the detailed design and specification and obtain tenders for the work packages from suppliers and subcontractors which constitute the inputs to construct the building via an open book process. At that stage the full cost of the scheme can be fixed and a building contract entered into.

3.13 Unlike some frameworks, this is a managed framework, with Hampshire County Council /iESE taking a continued involvement in the project, tracking costs and progress utilising KPIs to maintain competitive tension and promote continuous improvement. iESE will also take action where there are performance issues, and can reduce a contractor’s future tendering opportunities where such issues are serious.

3.14 The iESE framework includes a Shared Apprenticeship Scheme developed in partnership with the CITB, endorsed by the Skills Funding Agency. Two not-for-profit organisations, CoTrain and Evolve work closely with contractors to identify placement opportunities. All iESE projects have an Employment Skills Plan enabling the local authority to exploit all training opportunities at minimal cost. Further details on potential numbers of apprentices and monitoring regime will be developed in due course as the project develops. The current position is that using the framework evaluation process we have selected a preferred single contractor at a fixed contract detailed in Part 2 of this report.

3.15 The following summary schedule for construction is envisaged:

Contractor Appointed for Pre Construction Stage	Summer 2014
Contractor Appointed for Construction Stage	Autumn 2014
Contract Executed	Winter 2014
Building Completed	Winter 2015\16
Building occupied and operational	Winter 2015\16

- 3.16 In terms of scheduling for the tender process for the care service provision contract, we would expect this to be launched approximately 15months prior to completion of construction of the building.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Prior to the Council decision in July 2013 to make funding available for construction of the new care home a number of options were identified:

- The Council to commission the construction of building of the dual registered facility and then procure the service delivery aspect of the project separately
- Provide site ownership to a provider chosen via tender competition for them then to develop and operate a dual registered care home on the site for the benefit of Enfield residents in need.
- Close Current Homes and re-provide with Dementia Bed spaces from the market
- Abandon the Reprovision Project completely and continue as current

- 4.2 Following discussion Option 1 – i.e. The Council to commission the construction of building of the dual registered facility and then procure the service delivery aspect of the project separately via a contract of an appropriate length is the proposed preferred option this was decision was informed by:

- The Council's capacity to raise funds through using its borrowing facility;
- It has always been envisaged that the building should be future proof to meet changing needs.
- The potential for shifting the balance of type of accommodation as needs change.

5. REASONS FOR RECOMMENDATION

- 5.1 The recommendation will facilitate the continuation of the programme to construct a new care facility through providing authorisation to appoint a contractor to undertake pre-construction services, and in due course, subject to satisfactory conclusion of that stage, the construction of the building.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

Financial implications are contained in Part 2 of this report

6.2 Legal Implications

- 6.2.1 The Authority is the Social Services authority for the London Borough of Enfield, within the meaning of the Local Authority Social Services Act 1970,

and has the responsibility as defined under the National Health Service and Community Care Act 1990 to provide community care services.

- 6.2.2 The Authority is empowered to procure care services pursuant to Section 1 of the Local Government (Contracts) Act 1997, Section 29 of the National Assistance Act 1948, Section 45 of the Health Service and Public Health Act 1968 and the Localism Act 2011. The re-provision of a residential and nursing care home at Elizabeth House is in accordance with the above legislative powers.
- 6.2.3 The estimated value of the re-provision Works is above the EU threshold for works so would be subject to the Public Contracts Regulations 2006. However, the procurement exercise would be simplified as there is an existing framework agreement in place which the Council can utilise. .
- 6.2.4 When procuring from the Framework Agreement the Council must ensure that the protocol set out under the Framework Agreement and its Call Off terms are adhered to.
- 6.2.5 Throughout the procurement of the Council must ensure that best value is achieved in accordance with the Local Government Act 1999.
- 6.2.6 The resultant contract must be as per the Call-Off terms and in a form approved by the Assistant Director of Legal Services.

6.3 Property Implications

The rationale for the Re-provision Project is referred to in the background section of this report, and has been set out in previous reports. This report specifically seeks authority to accept the supplier's offer for pre-construction and construction stages, following a due competitive process.

The new building would be an additional property asset added to the Council's portfolio, while Coppice Wood Lodge and Bridge House Care Homes will potentially become surplus to requirements, unless alternative uses are identified.

7 KEY RISKS

Key Risks and countermeasures	
Relevant risks for each objective and the potential impact	Existing processes / mitigations that are in place to manage the risk
The building fails to meet changes to regulations.	Future proofing to be built into.
Building costs could come in over budget.	Feasibility study has been undertaken, cost plan has been developed, fixed price contract
We may not be able to obtain the planning consent in terms of the desired shape, size and density. There are site constraints to consider.	Consultants (Atkins) have advised that we the proposed building will provide a minimum of 70bedspaces. A Planning Pre-Application has been submitted and we received feedback on this, we are currently updating building design and following this a planning application will be submitted.
Planning approval delayed or not given.	Effective working by key Project Officers in conjunction with Development Control and selected construction provider will reduce risk.

Site quality is unknown thus giving rise to potential for delays and/or increased costs.	Ground and other surveys currently being conducted to identify any issues.
Provider (Works) contractors unable to fulfil their commitment due to the economic climate.	We will test bidders financial viability, access to resources and turnover during the Works tender evaluation stage in order to select the best service provider to deliver this Care Home. We will also require the providers to take out a bond for the construction period.
Failure to build to a suitable standard may result in residents staying longer in existing care home services that are below the CQC minimum standards in terms of physical environment.	A design brief has been created that outlines high level standards for the care home service and common living standards. The facility will be regulated by Care Quality Commission and its National minimum standards contained within legislation.

8 IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

The procurement processes have been conducted in accordance with both the Council's Contract Procedure Rules and EU procurement rules. Therefore the procurement processes are transparent and fair and have encouraged healthy competition.

8.2 Growth and Sustainability

The new Reprovision Project facility will offer potential work opportunities in an area of employment need in the Borough. It will contribute to the regeneration of the physical environment by the development of an attractive, quality building on a currently empty site. The facility and its operations will be developed in line with best environmental practice. The building will be required to meet BREAM (Building Research Energy Assessment Method) "Very Good" rating, and generate 40% of its energy via renewable sources.

Public sector procurement in the UK is governed by the Public Contracts Regulations 2006 (as amended). These permit the inclusion of social considerations where they are relevant and proportionate to the subject matter of the contract (see below) and they do not disadvantage non-local bidders. Officers involved in procurement have utilised the LBE Community Benefit toolkit to incorporate social and community benefit considerations into the process, as far as this dovetails with iESE's own similar provisions, as referred to previously.

The iESE framework includes a specific scheme for supply chains, called "SAVE" (Strategic Alliance for Value and Efficiency). This is an integral part of the iESE major works construction framework providing an integrated supply chain offering. This scheme covers the eighteen most common packages of works procured by the eight iESE framework contractors. Fifty six key suppliers have agreed additional discounts for iESE projects. Suppliers not in this scheme are also able to bid in competition (the discount of those in the SAVE scheme is not factored into the evaluation of their bids), so there is the potential for the local supply chain to compete and win business with the selected main contractor.

Once in contract, the performance of the contractor will be monitored against sustainability / employment criteria, and sub-contracting to local SME's will be encouraged.

8.3 Strong Communities

The iESE framework includes well developed mechanisms for engaging apprentices during the construction contract. The Council's Community Benefit Toolkit will be applied to further strengthen benefits from local labour and supply chains.

The new service will contribute to the community by providing a quality service to vulnerable older people in the borough, and support maintenance of family relationships, provide employment opportunity to borough residents and potentially be of benefit to other local businesses.

Carer, Resident and Local Community Advocacy Group representatives will be pivotal to working in partnership with the Authority to ensure that the service meets the diverse needs of the Enfield community.

As part of the procurement process, there will be emphasis on the need for the new service provider to demonstrate commitment to developing strong working relationships with local advocacy and community groups and access resources within the Enfield Community.

This will also provide a care home facility in an area where they are scarce, so giving access to those who may live in this area to remain in their community and close to family and local connections and improving the equality of access to services in the local area.

9 EQUALITIES IMPACT IMPLICATIONS

An Equalities Impact Assessment has been undertaken to inform and support the procurement of the service, the findings and recommendations from this are regularly reviewed and the document is updated as appropriate)

10 PERFORMANCE MANAGEMENT IMPLICATIONS

The iESE framework has defined processes and gateways, and utilises KPI's and benchmarking, which are overseen by the iESE Framework Manager to ensure that contractor performance meets or exceeds contract requirements.

11 HEALTH AND SAFETY IMPLICATIONS

Not Applicable

12 HR IMPLICATIONS

Not Applicable

13 PUBLIC HEALTH IMPLICATIONS

The development of the Reprovision Project on the former Elizabeth House site will create a major new nursing and social care residential facility which will provide enhanced benefit to the target service user group within Enfield and the wider population, specifically to the East of the borough which is presently under resourced in terms of older people's care and support facilities.

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MUNICIPAL YEAR 2014/2015 REPORT NO. **25**

MEETING TITLE AND DATE:

Cabinet
- 23 July 2014

REPORT OF:

Director for Regeneration and
Environment

Contact officer and telephone number:
Jeff Laidler, 0208 379 3410

Agenda - Part: 1	Item: 14
Subject: Lee Valley Heat Network Business Plan	
Key Decision No: 3706 Wards: All	
Cabinet Member consulted: Cllr Alan Sitkin, Lead Member for Economic Development	

1. EXECUTIVE SUMMARY

1.1 What is the Lee Valley Heat Network?

1.1.1 The Lee Valley Heat Network (LVHN) is a capital infrastructure scheme linked to the regeneration of the Lee Valley, which aims to:

- Become the first city-scale heat network in London;
- Provide heating & hot water to thousands of homes & businesses in the Lee Valley, as shown in the Vision Map (Appendix 1);
- Ultimately connect to similar networks serving the rest of London;
- Grow the heat network by drawing on a variety of heat sources, and connecting additional heat demand;
- Be ambitious whilst covering the cost of installing the heat network and charging customers a fair price for heat.

1.1.2 Importantly for customers, LVHN Ltd is being set up as an 'ethical operator' in what is currently an unregulated heat market. This will help protect local consumers by ensuring fair price & customer service terms.

1.1.3 LVHN is set to capture waste heat from the Edmonton energy from waste facility and other dedicated Combined Heat and Power plants, using it to provide heating and hot water to thousands of homes and businesses in the Lee Valley.

1.1.4 With a clear case for public sector investment to de-risk the scheme and bring it to the point of being commercially viable, the Lee Valley Heat Network already enjoys strong interest from industry and early potential for hundreds of new jobs in the Lee Valley.

1.1.5 Over time the network has the potential to deliver heat across a range of sites in the Lee Valley. These sites will initially focus on new developments that are likely to be built in the coming years and where there are higher building densities. In the future,

there is potential to expand the network to include customers in existing buildings.

1.1.6 Cabinet is asked to approve the LVHN Business Plan (circulated as Appendix 2 with the accompanying Part 2 report and appendices) and Summary Programme (Appendix 3). The initial LVHN network comprises:

- 3 local gas-fired Combined Heat and Power satellite schemes at Ladderswood, Alma Road and New Avenue, with the opportunity to use renewable energy in the future (Tranche 1);
- A strategic heat network at Meridian Water, using waste heat from the Edmonton energy from waste facility (Tranche 2).

Both Tranche 1 and 2 are viable in their own right.

1.1.7 LVHN has the opportunity to deliver significant economic, environmental and social benefits for the Lee Valley, which include:

1. Community energy;
2. Fair price;
3. An ambition to provide a lower cost of heat for residential customers, as compared to heat from fossil fuels;
4. Security of supply;
5. The creation of up to 1,700 local jobs over time;
6. Support for regeneration and inward investment;
7. The reduction in the carbon footprint of a home due to heating will be at least 50% compared to conventional fuel;
8. Reducing London's carbon footprint by around 200,000 tonnes of carbon dioxide;
9. A route to market for low carbon and zero carbon suppliers of heat.

1.1.8 As with any large capital infrastructure project, there are some risks to be managed, which for LVHN primarily relate to:

- Certainty of supply (to be secured through a legal contract with the North London Waste Authority for waste heat);
- Demand from Enfield's Meridian Water, Ladderswood, Alma Road and New Avenue developments, each of which are at varying stages of development;
- The possible imbalance between supply and demand, which is common with all types of network.

1.1.9 As the founding member of LVHN Ltd the Council is also exposed to the risk associated with committing resources to establish the company and network, including exposing the Council to liability (under the guarantees) during Phase 1 financial close.

With this in mind, it is recommended that Cabinet give particular consideration to the following:

- Recommendation 2.1 to request capital funding of £1.285m to fund development costs for Tranche 1 and 2 through to financial close in

September 2015;

- Meridian Water (Tranche 2) being key to the viability of the strategic heat network. The Business Plan demonstrates the Council needs to be confident of building between 2,000 to 3,000 homes at Meridian Water to realise viability before it commits capital expenditure. Any increase in that scale would improve viability.

2. RECOMMENDATIONS

That Cabinet:

- 2.1 Approves the Phase 1 Business Plan and Summary Programme for Tranche 1 (Ladderswood, Alma Road and New Avenue Satellite Schemes) and Tranche 2 (Meridian Water Phase, as the first stage of the strategic heat network)
- 2.2 Approves, for recommendation to Full Council an addition to the Capital Programme, capital funding of £1.285m to fund development costs through to financial close in September 2015.

Notes that:

- The Summary Programme shows financial close in September 2015, in order to supply heat to the first phases of homes at Meridian Water;
 - £1.285m is the Council's total 'at risk' investment at this stage;
 - The Council has recently submitted an application for match-funding to the Department of Energy and Climate Change's Heat Network Delivery Unit (HNDU), to recover as much as possible of these development costs. HNDU grant funding could meet up to 67% of the estimated eligible external costs of heat mapping, energy master planning, feasibility studies and detailed project development work such as technical design, financial modelling, exploration of commercial models and contracts. Local authorities are required to secure the remaining proportion of match funding which cannot be provided 'in-kind,' such as staff time, office space and catering. A funding decision is expected around August 2014;
- 2.3 Approves the estimated £85k revenue cost related to borrowing £1.189m, to cover interest payments and repayment of principal, with the remaining investment coming from existing budgets.
- 2.4 Authorises the Directors of Regeneration & Environment, and Finance, Resources & Customer Services, to procure and appoint legal advisors to support the construction of Tranche 1 and 2 of the network by 2018. [This is estimated to cost up to £300k to September 2015 and with a positive investment decision by Cabinet, an additional £450k to maintain this legal contract to 2018.]
- 2.5 Agrees an "in principle" commitment to invest approximately £24 million in the strategic network located in Enfield in Tranche 2, including a loan of around £12 million plus £2 million contingency. Exact values will be confirmed at financial close.

Notes that:

- The final investment decision isn't required until summer 2015, since the

capital investment isn't required until demand has been confirmed and the various procurement exercises have been completed. In July 2014 Cabinet is committing to £1.285m development costs, with a further year available to reflect on the full investment;

- The loan is indicatively able to be financed by a range of lenders, including the Public Works Loan Board, the London Energy Efficiency Fund (LEEF), the European Investment Bank (EIB) and the Green Investment Bank (GIB);
- With the provision of £1.285m development costs for Tranche 1 & 2, the 3 satellite schemes require no further upfront CAPEX investment by the Borough. The investment in the energy systems will instead be covered by the appointed development partner under requirements set-out in the Development Agreements for the respective sites. LVHN Ltd is forgoing the connection charges and paying for the assets out of cash flow, according to a formula validated by the GLA and to be agreed with Council (HRA), which calculates their commercial value.

- 2.6 Authorises the Leader of the Council and the Chief Executive to approve the governance arrangements for the LVHN Ltd Board, the borough specific Portfolio Energy Agreement (Appendix A.2.1, LVHN Business Plan) and the Shareholders Agreement for all participating boroughs (Appendix A.1.3, LVHN Business Plan).

Notes that:

- The Council will bring forward a separate Cabinet report to seek authority to enter into the Portfolio Energy Agreement on behalf of the Council (HRA), in due course.

- 2.7 Adopts and includes the following principles within the Shareholders Agreement:

- For other boroughs to realise the benefits of joining an expanded network, and not simply funding the extension to it, a proportionate financial contribution will be required to cover the cost and risk of Enfield developing, building, operating and maintaining the kick-start Lee Valley Heat Network;
- To develop an incentive to encourage other boroughs early and active participation in expanding the heat network, by accepting the associated risks and benefits of joining LVHN Ltd's newly established Board.

- 2.8 Delegates agreement for the staff appointments within LVHN Ltd to the Director for Regeneration and Environment.

- 2.9 Agree to the tender for the legal work being progressed and delegates authority to the Director for Regeneration & Environment to award the final contract.

3. BACKGROUND

3.1 What is the Lee Valley Heat Network?

- 3.1.1 The Lee Valley Heat Network (LVHN) is a capital infrastructure scheme linked to the regeneration of the Lee Valley, which aims to:

- Become the first city-scale heat network in London;

- Provide heating & hot water to thousands of homes & businesses in the Lee Valley, as shown in the Vision Map (Appendix 1);
- Ultimately connect to similar networks serving the rest of London;
- Grow the heat network by drawing on a variety of heat sources, and connecting additional heat demand;
- Be ambitious whilst covering the cost of installing the heat network and charging customers a fair price for heat.

3.1.2 Importantly for customers, LVHN Ltd is being set up as an 'ethical operator' in what is currently an unregulated heat market. This will help protect local consumers by ensuring fair price & customer service terms.

3.1.3 Part of the long-term vision for LVHN is to offer residential customers low-carbon, low-cost electricity as well as heat. Integrated energy supply will reinforce the benefits in terms of fuel poverty reduction and should have a sustainable economic advantage.

3.1.4 To date, the practical and regulatory constraints on a district heating network supplying electricity to residential customers over the public grid have not been overcome. Delivery of electricity over private wire works is feasible for large commercial customers, such as shopping centres, but is not permitted for large residential developments. Work is underway elsewhere through Licence Lite to overcome the regulatory constraints on the retailing of electricity by district heating networks. So, while retail electricity sales are not included in the business plan, they do form part of the vision.

3.1.5 LVHN Phase 1 will evolve through 2 initial tranches:

Tranche 1 LVHN adopting energy assets at 3 satellite development schemes in Enfield that create an economy of scale: Ladderswood (around 500 homes, hotel and school), Alma Estate (around 1,000 homes) and New Avenue (around 300 homes);

Tranche 2 The first section of the strategic heat network from the Edmonton EcoPark via Advent Way to Meridian Water (5,000 homes, IKEA retrofit opportunity, Segro hotel development & Eley Industrial Estate), taking waste heat from the existing Edmonton EcoPark Energy from Waste facility (termed the Meridian Water Phase).

3.1.6 There is an opportunity to ultimately link the satellite schemes into the strategic network, although due to distance from the Meridian Water Phase, this is unlikely for Ladderswood and New Avenue. Saying this, there is an opportunity for:

- Ladderswood to become a strategic network in its own right;
- With enough demand along the route, the strategic network could extend northwards to join the Alma Estate in Phase 1, although more likely as part of Phase 2.

3.1.7 LVHN provides the energy infrastructure to complement the transport infrastructure set to catalyse the regeneration of the Lee Valley through the £80 million Stratford-Tottenham-Angel Road third rail track 'Turn Up and Go' train service, the new Meridian Water train station and the £30 million Mini-Holland cycling project.

3.2 What are the benefits?

3.2.1 The Lee Valley Heat Network represents a significant opportunity, delivering significant economic, environmental and social benefits for the Lee Valley and north London, which include:

1. *Community Energy* - for the first time we will provide local communities with low carbon energy from local heat sources.
2. *Fair price* - LVHN Ltd is being set up as an 'ethical operator' in what is currently an unregulated heat market. This will help protect local consumers by ensuring fair price & customer service terms.
3. *Lower Cost of Heat* - ambition to provide lower cost heat for residential customers, as compared to heat from fossil fuels.
4. *Security of Supply* –
 - a. The network is future proofed with a focus on use of waste heat, with the opportunity to switch fuel source(s) at a later stage if required.
 - b. It reduces dependency on imported fuel and international energy markets.
5. *Local jobs* – the creation of an estimated 1,700 local jobs.
6. *Route to Market* – the network provides a commercial outlet for low carbon heat suppliers, such as energy from waste and energy intensive industries.
7. *Supports Regeneration & Inward Investment:*
 - Creates a new energy infrastructure to complement the new rail and cycling facilities, creating a competitive advantage for the Lee Valley.
 - Helps deliver the Greater London Authority's and local authority's heat network planning aspirations.
 - Helps developers meet the Greater London Authority's and local authority environmental requirements, which could make land more attractive to developers and increase land values.
 - The opportunity to provide a steam network for industrial and commercial uses.
8. *Carbon Reduction* –
 - The carbon footprint of a home due to heating will be reduced at least 50% compared to conventional fuel.

- Reducing London's carbon footprint by around 200,000 tonnes of carbon dioxide, helping deliver the Mayor of London's climate change and decentralised energy targets.

3.3 Who is directly involved?

The following parties are directly involved in the LVHN:

- London Borough of Enfield
- Greater London Authority
- North London Waste Authority
- Developers

3.4 Why are we doing it?

3.4.1 The role of a local authority in developing LVHN and de-risking the project for future private-sector investment is justified because:

- Public sector intervention is required to enable future private-sector investment in LVHN;
- The prospective return on investment, whilst it exceeds the cost of capital, is less than would be demanded by a private investor, or an Energy Service Company (ESCo), who generally require an IRR > 12%;
- The local authorities, having accepted the associated investment risk, should be in a position to benefit from the expected returns;
- Local authorities are best able to manage the risks inherent in establishing an open-ended public heat utility focussed on serving their local area, for example through their role as the Local Planning Authority;
- The prospective return on investment, whilst it exceeds the cost of capital, is less than would be demanded by a private investor, or an ESCo;
- It is a suitable structure for engagement by multiple local authorities with a common but varied interest, and can be flexible to allow other public sector partners to join in future;
- The local authorities can direct LVHN to respond appropriately to inward investment opportunities, significant industrial and commercial customers, and to developers;
- The local authorities can access low-cost finance, or provide guarantees for LVHN to do so (subject to EU rules);
- The structure has the flexibility to allow all or part of the business to become a mutual or co-operative if it is so desired at some future date;
- Importantly for customers, LVHN Ltd is being set up as an 'ethical operator' in what is currently an unregulated heat market. This will help protect local consumers by ensuring fair price & customer service terms.

3.4.2 Decentralised energy generation is supported by national, regional and local planning policies. Planning Policy is a key driver for new build developments to connect to LVHN. All of Tranche 1 and 2 of LVHN related to new build

regeneration opportunities, with the exception of IKEA which relates to the planning application for an extended store.

- 3.4.3 There is considerable policy support at the regional and local level for the implementation of the LVHN. Decentralised energy generation is supported by national and regional planning policy as a means of meeting the requirements of the Climate Change Act to reduce carbon emissions by 80% on 1990 levels by 2050. The Mayor of London has set a target that 25% of heat and power used in London is to be generated through the use of localised decentralised energy systems by 2025.
- 3.4.4 Decentralised production and district heating is a central part of the government's Energy Strategy, the Mayor's London Plan (2011) and his Climate Change Mitigation and Energy Strategy (2011). The Council's Local Plan supports proposals for decentralised energy networks and requires that all major new developments should connect to or contribute towards existing or planned networks supplied by low or zero carbon energy (Development Management Policy DMD 52 (2014)).
- 3.4.5 Last year (July 2013) the Mayor published the Upper Lee Valley Opportunity Area Planning Framework recognising the unique opportunity that exists within the area to deliver a sustainable heat network. This would put the Upper Lee Valley at the forefront of sustainable energy supply in London and give it a clear competitive advantage over other areas with the longer term potential for interconnection to a London-wide network.
- 3.4.6 Supported by national, regional & local planning policies, the LVHN project is also part of something bigger - www.enfield.gov.uk/enfield2020. Over £500 million is being invested to improve the sustainability of the Lee Valley, reduce its carbon emissions by 40% by 2020 and deliver significant economic, environmental and social benefits across the borough. The Enfield 2020 Action Plan contains over 50 large-scale sustainability projects, which include:
- The Lee Valley Heat Network
 - The flagship Meridian Water development
 - Estate renewal schemes at Ladderswood, Alma Road and New Avenue
 - The £80 million investment in a 4 train per hour 'turn up and go' train service at Meridian Water, including a new train station
 - The £30 million investment in Cycle Enfield
- 3.4.7 Construction of the strategic heat network will involve a range of apparatus including pipe work, heat exchange equipment and plant, along with the construction of energy centres. It is intended that these will be located on land in a variety of ownerships secured through appropriate agreements with individual landowners.

3.4.14 LVHN has already generated significant interest:

- LVHN is a key element of the Council's Business Plan;
- LVHN is actively supported by the Greater London Authority, as shown by their letter of support in Appendix 5 of this report. To date this support has included funded consultancy support through the GLA's Decentralised Programme Delivery Unit, as well ongoing technical support to the Waste Authority to help reach an agreed position;
- The North London Waste Authority (NLWA) officers are 'in principle' keen to strike a commercial deal, subject to agreeing Heads of Terms. NLWA Members confirmed their support for this process and the LVHN launch event on 26 June 2014;
- Both the London Energy Efficiency Fund (LEEF), European Investment Bank (EIB) and Green Investment Bank (GIB) have all expressed a willingness to lend in principle to LVHN, subject to their own due diligence of the Business Plan;
- IKEA is interested in principle in buying heat from LVHN, with initial discussions underway to progress a commercial deal;
- Other heat sources and heat loads are regularly coming forward to express an interest in joining LVHN, either as a provider of heat or customer.

3.5 When will it happen?

3.5.1 Development of the LVHN Business Plan is the culmination of several years of partnership working with the GLA and the North London Waste Authority (NLWA). Development of this detailed plan to deliver a city-scale decentralised energy network in the Lee Valley is summarised through 5 distinct stages:



1. Heat Mapping - <http://www.londonheatmap.org.uk/Mapping/>
2. Pre-feasibility and energy master planning: a pre-feasibility study for LVHN was undertaken by Parsons Brinckerhoff in July 2011, with a subsequent network feasibility study in April 2012;
3. More detailed feasibility studies – these have been undertaken as part of the LVHN Business Plan for both the strategic heat network; the Meridian water Phase; the Alma Road, Ladderswood and New Avenue satellite schemes; and a potential steam connection from Kedco to Coca-Cola bottlers.

In December 2012 Enfield's Cabinet agreed to establish LVHN Ltd as a local authority controlled not for profit 'shell' company, which is future proofed to enable other boroughs to join the scheme as the network expands.

In June 2013, as an existing Council owned company that was dormant, 'New River Trading Services' Board voted to change its name to 'LVHN Ltd.'

£35k funding was secured from the Housing Revenue Account in 2013/14 for consultancy advice relating to the Alma and New Avenue regeneration projects.

4. Procurement of delivery mechanism – subject to release of additional development costs for 2014/15 and 2015/16 by Cabinet in July 2014, LVHN Ltd will be set up to procure the Design, Build and Operate (DBO) and Operations and Maintenance (O&M) contracts required to deliver heat to customers through LVHN, as well as full technical, commercial and financial due diligence required for financial close.
5. Commercial development – the operational phase of LVHN is scheduled to start in 2015, with the first 'Heat on' at Ladderswood in autumn 2015, Alma Road in autumn 2016 and Meridian Water in autumn 2017.

3.6 How will it happen?

- 3.6.1 LVHN aims to provide the UK's first city-scale decentralised energy network to provide security of energy supply, reduce carbon emissions and provide a route to market for low and zero carbon suppliers (industrial undertakings such as energy from waste, electricity generation plant and energy intensive industry). Connection to the strategic heat network will also enable a use to be found for many types of waste heat. Importantly, LVHN also has an ambition to lower the cost of heat as compared to conventional fossil fuels.
- 3.6.2 This large-scale infrastructure project will capture affordable low carbon heat (hot water and steam) from Energy from Waste facilities and dedicated Combined Heat and Power (CHP) plants, supplying it to buildings and industry across the Lee Valley for use in space heating and hot water production.
- 3.6.4 In parallel, a number of satellite schemes will be developed across the Lee Valley, with their own dedicated CHP plants or biomass generating plants providing low carbon on-site heat.
- 3.6.5 LVHN represents a significant opportunity for the Lee Valley and north London, bringing low cost heat and jobs to Enfield. With an ambition to provide cheaper low-carbon low-cost heat for residents and communities, this will typically beat the commercial offer provided by Energy Service Companies (ESCOs). Part of the long-term aim of LVHN is an ambition to offer residential customers low-carbon, low-cost electricity as well as heat.
- 3.6.6 LVHN is a long-term project. The business strategy is to identify and aggregate demand for heat in the whole of the area that can potentially be served and then gradually to extend the network in all directions at a pace that enables the identified demand to be served with low-carbon heat in a way that

is commercially viable. As Phase 1 is developed, LVHN will provide low-cost heat to an estimated 8,100 homes.

- 3.6.7 While common in Europe, such a strategic heat network has yet to be completed in this country. Those few wide area networks that have been built in the UK – for example in Nottingham and Sheffield – rely on a single main heat source, which is typically owned or controlled by the network.
- 3.6.8 The LVHN Phase 1 Business Plan (circulated as Appendix 2 with the accompanying Part 2 report and appendices pack) describes in detail how LVHN will happen and has now been finalised. The LVHN Business Plan is an extensive document, which includes an Executive Summary, the main report and over 50 appendices. To keep this Cabinet report to a manageable size, the Business Plan appendices are available on request, as Part 2 documents.
- 3.6.9 The Business Plan sets out a vision and strategy for the heat network, demonstrates that the strategy is commercially viable and shows how LVHN will implement the first phase development of the heat network. It is complemented by a Summary Programme (Appendix 3).
- 3.6.10 Key conclusions from the LVHN Business Plan relate to Viability, Demand, Supply, Finance and Governance:

i) Viability & Demand

With funding from LEEF, PWLB, EIB or GIB, the overall cost of capital for Phase 1 of LVHN is not more than 6%. For all scenarios the prospective Investment Rate of Return (IRR) is in excess of the cost of capital, so all are viable:

- Tranche 1 only – the satellites by themselves have an IRR of 12% after taking into account payments to Enfield HRA for the energy assets;
- Tranche 1 & 2 only - the prospective IRR for the satellite schemes plus Meridian Water Phase is 7.6%;
- Tranche 2 only - the IRR for the Meridian Water Phase falls to 7%. This demonstrates the fundamental importance of the satellite schemes to overall scheme viability, as the IRR is only marginally higher than the cost of capital.

Although Tranche 1 has the highest IRR, it's necessary to also invest in Tranche 2 to deliver a strategic heat network and secure long-term project viability.

The Ladderswood, Alma Estate and New Avenue Satellite Schemes in Tranche 1 (all located in Enfield) are strategically important to the development of LVHN's business as well as improving its cash flow in the early years. Satellite schemes are an essential element in delivering the strategic heat network because:

- The strategic heat network, being expensive to build, can only be extended to meet large heat demands. Satellite schemes will usually be the best way of aggregating demand to the point where connection becomes feasible. So, the Alma Estate satellite scheme once built is expected in due course to justify the northward extension of the strategic heat network;
- Satellite schemes - in particular Ladderswood - improve overall project financial viability. For example, Ladderswood has an IRR of 12%, net of the cost of taking over the energy assets, with retained earnings of around £0.5 million during Phase 1. The income stream from Year 2 onwards helps cover LVHN's total project costs;
- Each satellite scheme enables LVHN Ltd's operational costs to be shared, including a single contract with the Housing Revenue Account, unified procurement for operations and maintenance, and a single billing and customer care system for the entire network;
- Satellite schemes enable the business to achieve operational economies of scale more quickly. A critical mass of the equivalent of 4,700 residential customers is an essential business objective;
- Satellite schemes enable LVHN to take strategic advantage of Ladderswood, Alma Road and New Avenue, which are already happening, demonstrating early delivery and giving the overall project credibility at a city-scale;
- In addition, LVHN taking on all viable district heating schemes in the boroughs as an ethical operator will help protect local consumers by ensuring fair price and customer service terms to residential customers. This is not always the case elsewhere, as district heating is an unregulated sector of the energy market.

Construction of the strategic heat network In Enfield (Tranche 2) depends on a significant scale of demand being confirmed before funds are committed:

- The 'Meridian Water Phase' feasibility study confirms that if the developments in Haringey are not confirmed, the strategic heat network at Meridian Water is viable. This is on the basis that the Council is confident of building between 2,000 to 3,000 homes at Meridian Water to realise viability before it commits capital expenditure. Any increase in that scale would improve viability.
- The exact timing of the capital expenditure will depend on confirmation of the development programmes for Meridian Water, with 'heat on' and first occupation currently assumed as autumn 2017;
- If the Meridian Water Phase is pursued without extension, the loan period increases from 10 years to up to 20 years. Since the payback period goes beyond 10 years, the loan period has to extend. A 20 year loan is what's available. It is possible that LVHN could obtain a combination of 10 year and 20 year loans.

The Shareholders Agreement (Appendix A.1.3, LVHN Business Plan) will be further developed to include the principles for other boroughs being able to join and share relevant objectives, costs and benefits;

The Meridian Water Phase has been deliberately designed and future proofed to be able to expand the network, for example going north to the Alma Estate and/or south. The provision of a larger pipe is what makes LVHN a strategic heat network, fitting in with LVHN's vision of anticipating future demand, wherever it may arise. Building a smaller pipe to solely cater for Meridian Water is not considered in the base case, as it does not enable future extension of the network;

The network from the Eco Park to Meridian Water in Tranche 2 is oversized in the base case to allow for Tranche 3 and/or Phase 2. The extra capacity in the pipe allows for extension northwards towards in Phase 2 towards Edmonton Green and Brimsdown, as well as south into neighbouring boroughs if required. Should neighbouring boroughs wish to take advantage of some of this capacity, a proportionate contribution to start-up costs will be required.

The pipe work in the heat network typically lasts for 40 to 50 years, so it makes business sense to only lay pipes in the ground once. It would be false economy to size a network now that only lasts 10 - 20 years in capacity terms. Already additional customers are coming forward, prior to construction even starting. The network is oversized to ensure such future capacity can be accommodated.

Future proofing for Enfield, with the opportunity for neighbouring boroughs to utilise some of this capacity in line with the principles of the Shareholder's Agreement, makes business sense.

Whilst a steam connection from Kedco to Coca-Cola bottlers is currently unviable, steam remains an attractive proposition for inward investment, with LVHN able to respond to demand for steam as it arises.

ii) Supply

It is a key design principle that the strategic heat network can expand its heat sources to keep pace with prospective energy demand.

Although the availability of waste heat from NLWA needs to be confirmed through detailed contract negotiations, NLWA officers are keen to strike a commercial deal. This approach was supported by NLWA Members on 26 June.

Should a commercial deal not be possible, the strategic heat network would have to be re-designed, and the main pipe could not be installed until alternative heat sources with similar capacity had been identified and contracted with;

The practical alternatives to the Eco Park as a source of heat are Kedco and a large CHP at Meridian Water. Nothing else would be ready in time.

Kedco's plant, which may/may not be built, does not offer sufficient heat on its own to be a complete substitute for the Edmonton EcoPark's Energy from Waste plant.

iv) Governance

Following an Enfield Cabinet decision in December 2012, 'LVHN Ltd' was established as the company to lead delivery of the Lee Valley Heat Network. This local authority controlled company will become a reality during 2014/15, with its own Board and staff.

Work is underway to turn the 'LVHN Ltd' shell company into the operational company to deliver the LVHN Business Plan. This work will be prioritised following LVHN Business Plan approval.

LVHN will be set up conventionally as a company limited by shares so that the legal constraints on it are minimised and in order to sustain the confidence of funders, private sector partners and customers. To protect LVHN's ability to evolve towards a city-scale heat network, and simplify its contracting arrangements, LVHN will be an arm's length local authority controlled company.

LVHN's Executive Board of Directors will include elected Members, senior council managers and non-executives with relevant decentralised energy experience. Exact details will be developed prior to the formal formation of LVHN Ltd.

Other Boroughs will be able to join LVHN, based on the following principles in the Shareholder's Agreement:

- For other boroughs to realise the benefits of joining an expanded network, and not simply funding the extension to it, a proportionate financial contribution is required to cover the cost and risk of Enfield developing, building, operating and maintaining the kick-start Lee Valley Heat Network;
- To develop an incentive to encourage other boroughs early and active participation in expanding the heat network, by accepting the associated risks and benefits of joining LVHN Ltd's newly established Board.

LVHN Ltd will focus its activities on the development and finance of heat projects, and on customer services.

To separate the risk of Tranche 2 from Tranche 1, consideration will be given to creating a company solely to cover Tranche 1, with the larger company (LVHN Ltd) the 100% owner of this smaller company. Tranche 1 profits will still be able to be recycled within LVHN Ltd.

With a cost of just a few thousand pounds per year, the advantages of a wholly owned Tranche 1 subsidiary are as follows:

- The survival of the satellite schemes is no longer dependent on the speed with which the strategic network is implemented
- Good accountancy reasons, improving transparency with the Housing revenue Account that they're not being overloaded with additional operating costs
- Clear exit strategy for satellite schemes, which no longer depend on the strategic network

3.6.13 LVHN's Procurement Strategy is key to implementing the Business Plan and is summarised in Table 10 below and set out in detail at Appendix A9.1 of the Business Plan. The contract structure is provided in Appendix 5 of this report.

Table 10, Procurement Strategy

Activity	Form of procurement
Primary Heat Supply – Modifying the incinerator plant at the Edmonton Eco Park to provide a primary heat supply to LVHN's energy centre.	DBO (single tender) NLWA at Edmonton Eco Park will be responsible for the design and construction of the modifications to their facility, including O&M, to provide a heat supply from their plant to the Strategic Heat Network's Energy Centre.
Strategic Heat Network: Design, construction, operation & maintenance (O&M) including network management and connection of developments, and the O&M of secondary networks for connected residential developments only.	DBO (term contract) The services of a principal contractor will be procured as a subcontractor to LVHN.
Satellite Schemes: Operation & maintenance of the Energy Centre and the primary heat network, including network management and customer connections, and the OM of secondary networks for connected residential developments only.	O&M (framework agreement) A Framework Agreement tender to be set up, followed by a mini tender by the successful framework contractors (except Ladderswood).
Customer Services: Providing a complete metering, billing and meter maintenance service, including handling complaints, managing the connection and disconnection of residential customers, and replacing meters at the end of their life or when deemed inaccurate.	Service Provider (term contract) A specialist service provider will be procured as a subcontractor to LVHN to provide a meter & billing and meter maintenance service for a period of five years.

4. ALTERNATIVE OPTIONS CONSIDERED

Two delivery options have been considered for Phase 1 LVHN:

A) Do nothing

B) Meridian Water Phase with GLA and NLWA support

- 4.1 **Do nothing:** this would lose the significant economic, environmental and social benefits forecast to be delivered by LVHN.
- 4.2 **Meridian Water Phase with GLA and NLWA support:** this forms the most pragmatic solution at this stage and forms the basis of this report. As an economically viable solution and a vision to create a much larger city-scale heat network, the Meridian Water Phase can hopefully forms the important precursor to network expansion.

Meridian Water forms the “anchor” heat demand. This requires the Council to be confident of building between 2,000 to 3,000 homes at Meridian Water to realise viability before it commits capital expenditure. Any increase in that scale would improve viability.

5. REASONS FOR RECOMMENDATIONS

- 5.1 Enfield and the GLA have already invested significant resource and revenue funding to develop the LVHN Business Plan.
- 5.2 Without Enfield Council’s investment in the strategic network and satellite schemes, it will not be possible to develop the strategic and satellite schemes in Tranches 1 and 2, which are critical to catalysing the heat network and subsequently delivering the significant economic, environmental and social benefits forecast for the city-scale heat network.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 The total funds required to support the project to financial close (the point at which a decision is made to invest in the construction of the Strategic Network) is £1.285m. Of this £96k has already been approved and forms part of the 2014/15 Sustainability Service’s revenue budget. This report seeks approval for the balance of £1.189m. This will fund the cost of developing the project and will include items such as external technical and legal fees, and the staffing costs of LVHN to the point that the investment decision is approved.
- 6.1.2 A separate report will be submitted in the summer of 2015 to obtain the required approval to invest in the construction of the Strategic Network. The project will be considered alongside other schemes in the 2015/16 Medium Term Financial Planning process which will be agreed by the Council in February 2015. A decision to proceed with this project now will mean that it is given priority over other proposals being put forward for consideration as part of that process
- 6.13 It is assumed at this stage that all the development costs will be capitalised from the point of Cabinet approval and therefore be added to the existing

Capital Programme. As there is no existing provision within Capital for this project, the costs would need to be met from borrowing. The revenue cost of borrowing £1.189m and covering associated interest payments, would be circa £85k and would need to be covered by the Council.

- 6.1.4 Should the project not come to fruition, the costs will all be considered as revenue and this will impact on the current 2014/15 revenue outturn. Likewise should any costs not be classified as eligible capital spend, they will present as a pressure to the revenue budget.

6.2 Legal Implications

6.2.1 The Council has power 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. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way. In addition, section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. In addition to the Localism Act 2011, the Council has power under section 95 of the Local Government Act 2003 to trade in function related activities through the company. Section 1 of the Local Government Act 2003 permits the Council to borrow and to comply with the Prudential Code for Finance in Local Authorities. The recommendations detailed in this report are in accordance with these powers.

6.2.2 The intention is to utilise the current company limited by shares which is initially wholly owned by the Council. It will be an arm's length local authority controlled company, set up in accordance with the Companies Act 2006. The company structure will be similar to that created in current existing trading companies with agreed Articles/Memorandum of Association, Shareholders Agreements, etc., designed so that additional local authorities can join (subject to satisfy themselves with regards procurement) while preserving professional management of operations. It is intended to operate as a commercial entity charging customers a fair price for the retail supply of heat and making a return on investment. It will adopt, maintain and operate various energy assets made available by the Council. It will provide heating & hot water to homes, businesses and public bodies in the Lee Valley sub-region (and ultimately connect to similar networks serving the rest of London).

6.2.9 All legal agreements will need to be in a form approved by the Assistant Director of Legal Services.

6.2.10 Legal Services will continue to advise on State Aid, Tax, Commercial and Procurement legal issues as the company develops and issues arise.

6.3 Property Implications

6.3.1 The LVHN Business Plan will consider land ownerships, negotiating access rights easements and network use rights, which may require internal resource

allocation. The timescale for completing these negotiations is factored into project delivery through the Summary Programme.

6.3.2 Otherwise LVHN will operate mainly on land that is not owned or leased by the Council and therefore there are no consequential liabilities or Corporate Landlord matters to consider.

6.3.3 However, where land has to be acquired, it is suggested that property implications are considered at that time and are site specific.

7. KEY RISKS

7.1 A detailed Risk Register is provided as A-10-2 in the Business Plan, with the top 10 risks identified as:

1. The vision for creation of a truly strategic heat network, including expansion into other boroughs, has not been tested.
2. Demand – insufficient heat demand is contracted for Phase 1 to be viable.
3. Imbalance between heat demand and supply.
4. Connection to the network may be uneconomic for some commercial customers.
5. Preferred pipe route is found to be impractical or it's not possible to negotiate way-leaves and easements, in which case a CPO would provide appropriate mitigation.
6. Capital costs turn out to be higher than expected – Enfield's consultants have worked on dozens of district heating schemes, so have a good grasp of costs and price. While the UK market is small and the number of established players in it is also small, our advisers know the key players well.
7. Supply - the NLWA Members decide not to sign the heat supply agreement.
8. Electricity prices rise, increasing the cost of heat from NLWA.
9. Operating costs are higher than expected.
10. The project loan is unable to be secured.

7.2 If these risks aren't appropriately mitigated, there is a reputational risk for the borough(s). Conversely, if they're appropriately mitigated and the project is successfully delivered, this will deliver significant benefits and provide a high profile example of an Enabling Council.

7.3 For Enfield Council there are also immediate risks around resourcing of the project management team, which will be addressed through approval of the final phase of development costs for Phase 1 of the network. This in turn will mitigate associated risks around delays in design, construction, operation and 'heat on' for contracted customers.

7.4 As the founding member of LVHN Ltd the Council is also exposed to the risk associated with committing resources to establish the company and network, including exposing the Council to liability (under the guarantees) during Phase

1 financial close. The key risks associated with this commitment centre upon the network failing in a way that means:

- a) The resources expended on establishing the Network and Special Purpose Vehicle (SPV) are wasted in that there is no on-going network;
- b) The guarantees offered in respect of the SPV's financial obligations are called upon so that the Councils' have to pay out on their obligations under the guarantees;
- c) Any loans provided by the Councils have to be written off;
- d) All of the SPV forms being considered will offer limited liability meaning that the direct liability of the Council's for the operation of the SPV will be limited to the extent of any guarantees (including the guarantee for the LEEF loan) or contractual obligations. The principal consideration in terms of the form of SPV is therefore ensuring that the form chosen is the most suitable for facilitating a successful network. LVHN Ltd is purposefully set up to:
 - Facilitate buy-in and approval from the respective Councils;
 - Allow for the proposed contractual arrangements between the Councils and the SPV to establish the Network;
 - Be flexible for future transfer out of public sector ownership;
 - Facilitate future inward investment from the private sector;
 - Be in a form well known to the private sector.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

LVHN aims to charge all of its customers a fair price for heat. Importantly for customers, LVHN Ltd is being set up as an 'ethical operator' in what is currently an unregulated heat market. This will help protect local consumers by ensuring fair price & customer service terms.

8.2 Growth and Sustainability

8.2.1 LVHN is one of over 50 key large-scale sustainability projects in the Enfield 2020 Action Plan, helping to deliver the Sustainability programme's 'Managing your Energy' and 'Regenerating the Borough' themes. It will also delivers significant carbon reduction, helping to meet Enfield 2020's 40% carbon reduction target for the Borough by 2020, as compared to a 2005 baseline.

8.2.3 To find out more and how this project is part of something bigger please visit www.enfield.gov.uk/enfield2020

8.3 Strong Communities

Not applicable.

9. EQUALITIES IMPACT IMPLICATIONS

Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment/analysis is required for the approval of this report, which has been prepared.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

The performance of the LVHN project will be managed through the new governance arrangements, utilising a combination of Local Authority Client Group and LVHN Ltd's Executive Board to manage both the Detailed Work Programme and the Risk Matrix.

11. HEALTH AND SAFETY IMPLICATIONS

- 11.1 Section E of the corporate Pre-Qualification Questionnaire addresses issues of Health and Safety management by any contractor being considered for invitation to tender for a qualifying council contract. LVHN Ltd will be required to use this procurement process through its Partnership Agreement with the council.
- 11.2 Originally intended to meet the requirements of Regulation 4 of the Construction (Design and Management) Regulations 2007 (CDM), which requires those appointing contractors to ensure their competence to undertake the works they are being contracted to perform; and Appendix 4 of the accompanying Approved Code of Practice to the CDM Regulations which introduced the Stage 1 Core Criteria for assessing health and safety competence of contractors and consultants working in the construction industry. This section has been extended to cover all tendered contracts.
- 11.3 The section requires the contractor to present relevant information and examples of their health and safety management system, mandatory reporting and notification systems and systems for ensuring competence of staff and any sub-contractors that may be employed.
- 11.4 Exemption from this requirement is given to contractors who can prove accreditation with a Health and Safety Accreditation scheme or organisation which has membership of the Safety Schemes in Procurement scheme.
- 11.5 In recent times the council has made use of the web based London Tenders Procurement Portal to facilitate this process and adhere to the council's policy on the reduction of paper based documentation.
- 11.6 The questionnaire is evaluated by a member of the Corporate Health and Safety Unit.

12. HR IMPLICATIONS

The staffing and recruitment for LVHN Ltd will be fully assessed as part of the governance arrangements, which includes Member engagement and further approval.

13. PUBLIC HEALTH IMPLICATIONS

13.1 LVHN will deliver significant economic, environmental and social benefits

13.2 Climate change is a major threat to public health. The Lee Valley Heat Network will help to reduce its impact:

- The carbon footprint of a home due to heating will be reduced at least 50% compared to conventional fuel
- London's carbon dioxide emissions will be reduced by around 200,000 tonnes

13.3 LVHN will deliver competitively priced heat to new homes, and possibly, at a later stage of development to existing homes. Well heated homes help to promote the general health of the people that live in them.

Background Papers

None

APPENDICES (circulated and available to download via the Council's website as a separate pack to accompany the Part 1 report)

- 1) Vision Map
- 3) Summary Programme
- 4) GLA's letter of support
- 5) LVHN contract structure

LVHN Phase 1 Business Plan (Please note this has been circulated as Appendix 2 with the accompanying Part 2 report and appendices pack)

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THE CABINET

List of Items for Future Cabinet Meetings (NOTE: The items listed below are subject to change.)

MUNICIPAL YEAR 2014/2015

AUGUST 2014

1. **Quarterly Corporate Performance Report** Rob Leak

This will present the quarterly corporate performance report. **(Key decision – reference number 3944)**

2. **Adoption North Circular Area Action Plan** Ian Davis

This will seek approval to recommend the adoption of the North Circular Area Action Plan to full Council. **(Key decision – reference number 3918)**

3. **Chase Farmstead** James Rolfe

This will seek approval to the disposal of Chase Farmstead land. **(Key decision – reference number 3970)**

4. **Associate Cabinet Members**

This report sets out in more detail the role of the new Associate Cabinet Members, the responsibilities they hold, lines of accountability and their impact will be measured and evaluated. **(Non-Key)**
James Rolfe

SEPTEMBER 2014

1. **Award of Contract for Extracare Service at Skinners Court** Ray James

This will seek approval of the award of contract. (Parts 1 and 2) **(Key decision – reference number 3824)**

2. **Housing Development Strategy** Ray James

This will seek approval to the Council's Housing Development Strategy. **(Key decision – reference number 3369)**

3. **Small Housing Sites – Phase 2** Ray James

This will recommend a development strategy and set out which sites are to be considered for development, subject to consultation and detailed design. The report will include a summary of feasibility work undertaken to date and

request authority to progress the project. (Parts 1 and 2) **(Key decision – reference number 3920)**

4. Revenue Monitoring Report July 2014 James Rolfe

This will provide information on the overall revenue monitoring position of the Council projecting the end of year provisional outturn position as at July 2014. **(Key decision – reference number 3948)**

5. Capital Monitoring Report June 2014 James Rolfe

This will provide information on the capital monitoring position of the Council projecting the end of year provisional outturn position as at June 2014. **(Key decision – reference number 3954)**

6. London Borough of Enfield Key Decision Threshold Review James Rolfe

This will recommend an amendment to the financial threshold criteria for a key decision in Enfield. (Part 1) (Non key)

7. Designation of KLC Business Assembly as a Neighbourhood Forum and Station House Mews as a Neighbourhood Area Ian Davis

This will relate to giving status to a neighbourhood forum to conduct neighbourhood planning in part of the Edmonton Green ward. **(Key decision – reference number 3965)**

8. Community Infrastructure Levy Ian Davis

This will recommend that the Council proceeds with the publication of a Draft Charging Schedule for consultation and thereafter, submission to the Secretary of State for independent examination. **(Key decision – reference number 3844)**

9. Bury Street West James Rolfe

This will set out proposed residential development options of the former parks depot facility, Bury Street West, Edmonton, N9. **(Key decision – reference number 3959)**

10. Local Implementation Plan Annual Spending Submission 2015/16 Ian Davis

Enfield has been allocated £4.277m by Transport for London (TfL) for 2015/16 and the report will set out how the Council will utilise this allocation to help deliver the Mayor's Transport Strategy. The Council's annual spending submission must be submitted to TfL by 3 October 2014. **(Key decision – reference number 3969)**

11. **Mini-Holland Project – Governance Arrangements** Ian Davis
This will seek approval to the governance arrangements for the project. **(Key decision – reference number 3926)**
12. **Change in Parking Penalty Charge Notice Banding** Ian Davis
This will seek approval to submit a report to London Councils to authorise a change in parking Penalty Charge Notice banding from Band B to Band A. **(Key decision – reference number 3972)**
13. **Enabling Meridian Water Infrastructure** Ian Davis
This will outline the approach to delivery of the main movement infrastructure of Meridian Water. **(Key decision – reference number 3973)**
14. **Calendar of Events** James Rolfe
This will update members on development of a calendar of events for the borough. **(Non-key)**

OCTOBER 2014

1. **Revenue Monitoring Report August 2014** James Rolfe
This will provide information on the overall revenue monitoring position of the Council projecting the end of year provisional outturn position as at August 2014. **(Key decision – reference number 3949)**
2. **Contract for the Provision of Agency Workers** Rob Leak
This will present a proposal for the Council to agree to access an existing framework to award the contract for the provision of agency workers. **(Key decision – reference number 3966)**
3. **New Avenue Estate Renewal Scheme** Ray James
This will seek approval to appoint the preferred bidder at the final tender stage to develop the New Avenue Estate. (Parts 1 and 2) **(Key decision – reference number 3793)**
4. **Alma Regeneration Programme Update** Ray James
This will seek approval to deliver new homes additional to the current scheme subject to planning. (Parts 1 and 2) **(Key decision – reference number 3967)**
5. **Enfield Joint Adult Mental Health Strategy** Ray James

This will seek approval of Enfield's Joint Adult Mental Health Strategy. **(Key decision – reference number 3938)**

6. Central Leaside Area Action Plan Ian Davis

The Area Action Plan will guide the regeneration and future development of Central Leaside and provide a clear planning policy framework to enable the vision to be made a reality. **(Key decision – reference number 3975)**

7. Housing Responsive Repairs and Maintenance Contracts Ray James

This will seek approval to award the new Housing Responsive Repairs and Maintenance Contracts. (Parts 1 and 2) **(Key decision – reference number 3976)**

8. Enfield Safeguarding Children Board – Annual Report 2013-14 Ray James

The Enfield Safeguarding Children Board wishes to present its Annual report 2013-14 to Cabinet. This will summarise the activities of the Board over the past 12 months, including the impact of its work, the contribution made by members of the board, key achievements and challenges and its plans for 2014-16. (Non key)

9. Enfield Safeguarding Adult Board – Annual Report 2013-14 Ray James

The Enfield Safeguarding Adult Board wishes to present its Annual report 2013-14 to Cabinet. This will summarise the activities of the Board over the past 12 months, including the impact of its work, the contribution made by members of the board, key achievements and challenges and its plans for 2014-16. (Non key)

10. Special Purpose Vehicle Company Structure for New Build Council Housing Ray James

This will seek approval to set up a company structure, judged against overarching Council objectives, within which the Small Housing Sites special purpose vehicle, Bury Street and similar scenes can sit. **(Key decision – reference number 3974)**

NOVEMBER 2014

1. Revenue Monitoring Report September 2014 James Rolfe

This will provide information on the overall revenue monitoring position of the Council projecting the end of year provisional outturn position as at September 2014. **(Key decision – reference number 3950)**

2. Dujardin Mews – Appropriation for Planning Purposes Ray James

This will seek approval to the required appropriation for Dujardin Mews. (Parts 1 and 2) **(Key decision – reference number 3734)**

DECEMBER 2014

1. **Revenue Monitoring Report October 2014** James Rolfe

This will provide information on the overall revenue monitoring position of the Council projecting the end of year provisional outturn position as at October 2014. **(Key decision – reference number 3951)**

2. **Capital Monitoring Report September 2014** James Rolfe

This will provide information on the capital monitoring position of the Council projecting the end of year provisional outturn position as at September 2014. **(Key decision – reference number 3955)**

JANUARY 2015

FEBRUARY 2015

1. **Revenue Monitoring Report December 2014** James Rolfe

This will provide information on the overall revenue monitoring position of the Council projecting the end of year provisional outturn position as at December 2014. **(Key decision – reference number 3952)**

2. **Revenue Budget 2015/16 and Medium Term Financial Plan** James Rolfe

This will seek approval to set the Council Tax levels for 2015/16 and approve the capital programme for the next four years. **(Key decision – reference number 3957)**

3. **Housing Revenue Account Rent Setting Report 2015/16** James Rolfe/
Ray James

This will seek approval to set the level of Council housing rents in 2015/16. **(Key decision – reference number 3958)**

MARCH 2015

1. **Capital Monitoring Report December 2014** James Rolfe

This will provide information on the capital monitoring position of the Council projecting the end of year provisional outturn position as at December 2014. **(Key decision – reference number 3956)**

APRIL 2015

1. Revenue Monitoring Report February 2015

James Rolfe

This will provide information on the overall revenue monitoring position of the Council projecting the end of year provisional outturn position as at February 2015. **(Key decision – reference number 3953)**

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**MINUTES OF THE MEETING OF THE CABINET
HELD ON WEDNESDAY, 25 JUNE 2014**

COUNCILLORS

PRESENT Doug Taylor (Leader of the Council), Achilleas Georgiou (Deputy Leader), Chris Bond (Cabinet Member for Environment and Community Safety), Yasemin Brett (Cabinet Member for Community Organisations), Donald McGowan (Cabinet Member for Health and Adult Social Care), Ayfer Orhan (Cabinet Member for Education, Children's Services and Protection), Ahmet Oykenner (Cabinet Member for Housing and Estate Regeneration), Rohini Simbodyal (Cabinet Member for Culture, Sport, Youth and Public Health), Alan Sitkin (Cabinet Member for Economic Development), Andrew Stafford (Cabinet Member for Finance), Bambos Charalambous (Associate Cabinet Member - Enfield West - Observer) and George Savva MBE (Associate Cabinet Member - Enfield South East - Observer)

ABSENT Ozzie Uzoanya (Associate Cabinet Member - Enfield North - Observer)

OFFICERS: Rob Leak (Chief Executive), Ian Davis (Director of Regeneration & Environment), Andrew Fraser (Director of Schools & Children's Services), James Rolfe (Director of Finance, Resources and Customer Services), Dr Shahed Ahmad (Joint Director Public Health), Asmat Hussain (Assistant Director Legal), Paul Walker (Assistant Director, Regeneration, Planning & Programme Management), Marc Clark (Project Manager - Ponders End) and Christine Williams (Public Health) Jacqui Hurst (Secretary)

Also Attending: Councillors Derek Levy, Robert Hayward and Terence Neville.

1**APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Ozzie Uzoanya (Associate Cabinet Member – Enfield North).

2**DECLARATION OF INTERESTS**

There were no declarations of interest registered in respect of any items on the agenda.

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3

URGENT ITEMS

NOTED, that the reports listed on the agenda had been circulated in accordance with the requirements of the Council's Constitution and the Local Authorities (Executive Arrangements) (Access to Information and Meetings) (England) Regulations 2013 with the exception of Report Nos. 5 and 8 – Public Health Contracts that were Transferred from NHS Enfield Primary Care Trust (PCT) to London Borough of Enfield from 1 April 2013 (Minute Nos. 7 and 18 below refer).

4

DEPUTATIONS

There were no deputations to be received for presentation at this meeting.

5

ITEMS TO BE REFERRED TO THE COUNCIL

AGREED that the following item be referred to full Council for noting only:

1. Report No.6 – Enfield's Re-accreditation as a Fairtrade Borough

6

ENFIELD'S RE-ACCREDITATION AS A FAIRTRADE BOROUGH

Councillor Andrew Stafford (Cabinet Member for Finance) introduced the report of the Director of Finance, Resources and Customer Services (No.4) detailing the Council's application to continue accreditation as a Fairtrade Borough.

Alternative Options Considered: That the Council agreed to support the concepts of Fairtrade without formally signing up to them.

DECISION: The Cabinet agreed

1. The content of the report on the Council's intention to apply for re-accreditation to remain a Fairtrade Borough and note the benefits Fairtrade provides.
2. To change from Rainforest Alliance to Fairtrade teas and coffees for the Civic Centre Restaurant.

RECOMMENDED TO COUNCIL that the report be received for information and noting.

Reason: The consideration by Enfield Council to be re-accredited as a Fairtrade Borough follows a request from the Cabinet Member for Finance.
(Non key)

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7

PUBLIC HEALTH CONTRACTS THAT WERE TRANSFERRED FROM NHS ENFIELD PRIMARY CARE TRUST (PCT) TO LONDON BOROUGH OF ENFIELD FROM 1 APRIL 2013

Councillor Rohini Simbodyal (Cabinet Member for Culture, Sport, Youth and Public Health) introduced the report of the Director of Health, Housing and Adult Social Care (No.5) providing an update on the Public Health contracts that were transferred from the NHS to the London Borough of Enfield (LBE) with effect from 1 April 2013.

NOTED

1. That Report No.8 also referred as detailed in Minute No.18 below;
2. The detail of the contracts as set out in the report including the value of the contracts and the services to be provided. The majority of contracts were for a one year period. Councillor Simbodyal outlined the intention to develop meaningful key performance indicators to ensure that outcomes were measured and local needs met. The health inequalities within Enfield were recognised and efforts were being made to address these as effectively as possible. For example, smoking cessation and health checks. Efficiency savings were being made where possible and the existing good work was being built upon.
3. Particular attention was drawn to the improvements in the health rating of the Edmonton Green area which as now rated at the national average. The level of health inequalities had been reduced successfully due to a focus on the identified areas of need.
4. Members would continue to promote the improvement of public health in the Borough.
5. Councillor Don McGowan drew Members' attention to paragraph 3.1.1 of the report noting that Public Health in Enfield had been historically underfunded:
 - The 2013/14 grant had been calculated at £36 per head of population, with the London average being £73.
 - The 2014/15 grant would be £40 per head.

Councillor Doug Taylor confirmed that this was a previously recognised issue and lobbying on this matter would continue.

6. Councillor Ayfer Orhan praised the report which demonstrated effective partnership working. Councillor Orhan was pleased to note the involvement of education, such as the inclusion of school nursing and a focus on childhood obesity. Councillor Orhan extended her appreciation to those involved and looked forward to continued work on the health projects identified.

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Alternative Options Considered: The transferring of health contracts from the NHS to local authorities enabled the Council to consider integrating services with other directorates and, therefore, broadening the opportunities for improving services and addressing the health and well-being of the local population with a broader prospective. The Public Health budget was currently ring-fenced until, at least, 31 March 2016.

DECISION: Cabinet agreed

1. That the Council maintains associate status to contracts in relation to genitourinary medicine (GUM) services, School Nursing, Family Planning and Oral Health Promotion:
 - (a) Barnet, Enfield and Haringey Mental Health Trust (BEH MHT) – GUM, School Nursing and Family Planning (as detailed in paragraph 3.3.2 of the report).
 - (b) NHS Whittington Trust – GUM and Oral Health Promotion (as detailed in paragraphs 3.3.6 and 3.3.7 of the report).
2. To note the current contracts had been extended in accordance with the terms of the original contracts.
3. To note the extension of the Council's Pharmacy Emergency Hormonal Contraception (EHC) Advisor contract for another year with a variance to include training pharmacy staff re distribution of Chlamydia Test Kit.
4. To waivers of the Contract Procedure Rules for the following new contracts that the Council must enter into in order to maintain stability in service delivery and to carry out its public health duties and to authorise the entering into of the following contracts that would be the subject of new contracts, being:

		Service	Term
1	Pharmacy enhanced services (paragraph 3.3.9 of the report)	EHC contraceptive services	1+1 years
2	GP community based services (paragraph 3.3.1.1 of the report)	Healthchecks IUCD/IUS contraception Nexplanon contraception	1+1 years
3	Innovision Healthcare Limited (paragraph 3.3.5 of the report)	Smoking Cessation	1 year

5. To note the Council maintains its statutory duty to fund these open access, confidential genitourinary medicine (GUM) services for public health without contracts.
6. To note that the Council was entering into a joint procurement project with Enfield Clinical Commissioning Group for Community Services,

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which included the Council's mandatory Sexual Health and School Nursing services – details of which were contained within the report.

Reason: To ensure continuity of services.
(Key decision – reference number 3908)

8

THE ELECTRIC QUARTER - TOWARDS DELIVERY

Councillor Ahmet Oykenar (Cabinet Member for Housing and Estate Regeneration) introduced the report of the Director of Regeneration and Environment (No.6) taking forward the Ponders End High Street Regeneration Scheme, known as the Electric Quarter.

NOTED

1. That this represented an ambitious regeneration programme. Ponders End was identified in the Core Strategy as a key regeneration area in North East Enfield and as a strategic location in the Upper Lee Valley Opportunity Area.
2. That this report took forward the Ponders End High Street Regeneration Scheme, known as the Electric Quarter, as set out in previous Cabinet reports, paragraph 1.2 of the report referred.
3. Since April 2013 work had focussed on securing land and property interests required for the Electric Quarter and it was now possible to report a revised development boundary and proposed Planning Compulsory Purchase Order land to Cabinet for approval, as set out in the report.
4. The revised development site boundary and Order Land were noted, as set out in Annexes A and B to the report. Councillor Taylor noted that a larger footprint would have been preferable but had not been possible.

Alternative Options Considered: NOTED the following options considered:

1. Do Nothing – this would not deliver the Council's planning objectives as detailed in the Core Strategy.
2. Restrict regeneration activity to Council owned land only – this would result in piecemeal development which would not deliver a comprehensive regeneration scheme, tying the former Middlesex University Site into the High Street to create a dynamic urban quarter that can contribute to the economic sustainability of the High Street.
3. Acquire all and property interests on a voluntary basis – negotiations to acquire land and property interests have been pursued and will continue to be pursued alongside any compulsory purchase process.

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DECISION: Cabinet

1. Approved the revised development site boundary detailed in Annex A to the report.
2. Approved the revised Order Land for the Electric Quarter detailed in Annex B to the report.
3. Agreed that the proposed Planning Compulsory Purchase Order be renamed: "London Borough of Enfield (Ponders End Electric Quarter) Compulsory Purchase Order 2014".

Reason: To finalise the preparatory work before Cabinet was asked to make the revised Order. The recommendation to Cabinet to make the Order would be put forward in a follow up report (section 5 of the report referred).

(Key decision – reference number 3922)

9

MERIDIAN WATER: PROPOSED DELIVERY ARRANGEMENTS

Councillor Ahmet Oykenar (Cabinet Member for Housing and Estate Regeneration) introduced the report of the Director of Regeneration and Environment and Director of Finance, Resources and Customer Services (No.7) considering the next steps that the Council would need to undertake to further build confidence in the market and advance accelerated delivery of housing within Meridian Water.

NOTED

1. That Report No.9 also referred as detailed in Minute No.19 below;
2. Councillor Oykenar paid tribute to the considerable work which had been undertaken by the former Councillor Del Goddard. The report considered the proposed way forward.
3. The recent visit to the Meridian Water site by Boris Johnson, Mayor of London and George Osborne, Chancellor of the Exchequer in connection with the Government's new housing zones initiative. It was noted that Enfield was one of the front runners.
4. Councillor Oykenar outlined the recommendations as set out in the report and detailed in the decisions below.
5. Councillor Andrew Stafford reported that the proposals clearly set out the Council's intention to continue to be at the heart of the development and demonstrated confidence in the market as the delivery was driven on.
6. Councillor Doug Taylor stated that the Council had demonstrated its ability to deliver and was more advanced than other authorities. The

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implications of the Government's new housing zones initiative were unclear at this stage but Enfield was in a good position to proceed.

7. Councillor Alan Sitkin noted that the proposals would progress the implementation of the Meridian Water development.

Alternative Options Considered: There were a number of procurement options available to the Council, to secure a delivery partner. If the Council did not secure a delivery partner then in order to deliver the Council's stated objectives it would be necessary for the Council to fully finance the planning and delivery of Meridian Water which was not supported by the Council's Medium Term Financial Plan.

DECISION: The Cabinet

1. Noted the background to the emerging Meridian Water proposed delivery arrangements;
2. Agreed to delegate authority to the Cabinet Members for Housing and Estate Regeneration and Finance acting in consultation with the Directors of Regeneration and Environment and Finance, Resources and Customer Services to finalise and agree appropriate delivery arrangements and associated legal agreements for Meridian Water.
3. Noted the progress made in developing a housing zone and agreed that Meridian Water could be a "front runner".
4. Noted that the brief of Jones Lang LaSalle Limited, the Council's external property advisor in this matter, was to be widened to further support the Council's delivery of Meridian Water in accordance with the existing provisions of Government Procurement Services Framework Agreement RM928 Estates Professional Services.

Reason: For the Council to bring forward development in Meridian Water it was imperative that a delivery partner solution was procured that provided sufficient flexibility to respond to opportunities as they were presented. Control of land, combined with appropriate delivery arrangements would ensure that the planning and development objectives for Meridian Water were achieved in a timely manner thus attracting further investment to the area.

(Key decision – reference number 3921)

10

MEMBERSHIP OF CABINET SUB-COMMITTEES - MUNICIPAL YEAR 2014/2015

AGREED

1. to establish the following Cabinet Sub-Committees for the municipal year 2014/15:

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Local Plan Cabinet Sub-Committee

Enfield Residents' Priority Fund Cabinet Sub-Committee

Enfield Community Capacity Building Fund Cabinet Sub-Committee

2. that delegated authority be given to Councillor Doug Taylor, Leader of the Council, to agree and notify the membership details to the Governance Team.

Post meeting note:

The membership of the Sub-Committees for 2014/15 were agreed as detailed below:

Local Plan Cabinet Sub-Committee

Councillor Alan Sitkin
Councillor Chris Bond
Councillor Ayfer Orhan
Councillor Ahmet Oykenner

In addition, the Associate Cabinet Members be invited to attend the meetings as non-voting observers.

Enfield Residents' Priority Cabinet Sub-Committee

Councillor Yasemin Brett
Councillor Achilleas Georgiou
Councillor Chris Bond
Councillor Ahmet Oykenner

Enfield Community Capacity Building Fund Cabinet Sub-Committee

Councillor Yasemin Brett
Councillor Achilleas Georgiou
Councillor Chris Bond

11

ISSUES ARISING FROM THE OVERVIEW AND SCRUTINY COMMITTEE

NOTED that no items had been received for consideration at this meeting.

12

CABINET AGENDA PLANNING - FUTURE ITEMS

NOTED

1. The provisional list of items scheduled for future Cabinet meetings.

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2. That it might be necessary to convene an August meeting to consider some of the items coming forward. A decision would be made at the July meeting.

13

MINUTES

NOTED the minutes of the previous meeting of the Cabinet held on 9 April 2014 which were confirmed and signed by the Chairman as a correct record.

Councillor Taylor took this opportunity to welcome returning Cabinet Members, three new Cabinet Members and three Associate Cabinet Members for the new municipal year 2014/15.

14

MINUTES OF ENFIELD RESIDENTS' PRIORITY FUND CABINET SUB-COMMITTEE - 1 APRIL 2014

NOTED the minutes of the Enfield Residents' Priority Fund Cabinet Sub-Committee held on 1 April 2014.

Councillor Bambos Charalambous, former Chairman of the Sub-Committee, noted the need to review the operation of the scheme to date and revisions to the funding criteria set out in Minute No.7 of the above minutes. The good work which had been undertaken by the previous sub-committee was highlighted which would now be taken forward by the new membership.

15

ENFIELD STRATEGIC PARTNERSHIP UPDATE

NOTED that there were no written updates to be received at this meeting.

16

DATE OF NEXT MEETING

NOTED that the next meeting of the Cabinet was scheduled to take place on Wednesday 23 July 2014 at 8.15pm.

17

EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED in accordance with Section 100A (4) of the Local Government Act 1972 to exclude the press and public from the meeting for the items of business listed on part 2 of the agenda on the grounds that they involve the likely disclosure of confidential information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

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18

PUBLIC HEALTH CONTRACTS THAT WERE TRANSFERRED FROM NHS ENFIELD PRIMARY CARE TRUST (PCT) TO LONDON BOROUGH OF ENFIELD (LBE) FROM 1 APRIL 2013

Councillor Rohini Simbodyal (Cabinet Member for Culture, Sport, Youth and Public Health) introduced the report of the Director of Health, Housing and Adult Social Care (No.8).

NOTED

1. That Report No.5 also referred as detailed in Minute No.7 above.
2. The financial arrangements for Public Health service contracts as detailed in the part two report.
3. That reviews would continue to be undertaken of the contracts and service provision. Effective key performance indicators were being established and consultations were continuing with clear outcomes pursued.

Alternative Options Considered: As detailed in Minute No.7 above.

Reason: As detailed in Minute No.7 above.
(Key decision – reference number 3908)

19

MERIDIAN WATER: PROPOSED DELIVERY ARRANGEMENTS

Councillor Ahmet Oykenar (Cabinet Member for Housing and Estate Regeneration) introduced the report of the Director of Regeneration and Environment and Director of Finance, Resources and Customer Services (No.9).

NOTED

1. That Report No.7 also referred as detailed in Minute No.9 above.
2. That a super part 2 report was tabled at the meeting under restricted circulation and collected in again following consideration (exempt information Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).
3. The detailed information set out in the report on the proposed delivery arrangements for Meridian Water including the potential development site, housing mix and financial implications.
4. That any decision to acquire the land in question would need to be considered and agreed at a future Cabinet meeting. Any decision to

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seek a compulsory purchase order would also be subject to a future Cabinet decision. At this stage negotiations were continuing.

5. Ian Davis, Director of Regeneration and Environment briefed Members on the additional information contained within the super part 2 report (sections 3.4.1, 3.5, 3.5.1 and 6.1.1 of the report referred). Further clarification was provided to Members at the meeting in response to questions raised.
6. Councillor Andrew Stafford highlighted the implications for the Council's capital programme as detailed in section 6.1 of the report. The detailed financial implications were noted together with the assumption that the cost of proposed acquisitions could be recovered by the Council over time.
7. Councillor Taylor noted the Council's innovative and proactive approach to land acquisition to ensure the successful delivery of the project.
8. In response to a question raised it was noted that the figures contained within the report had been obtained very recently. Members would be provided with the estimated cost of remediation works.
9. Members considered the supporting infrastructure requirements which were being planned for as part of the project delivery, including school provision.

Alternative Options Considered: As detailed in section 4 of the report.

DECISION: The Cabinet agreed

1. To delegate authority to the Directors of Regeneration and Environment and Finance, Resources and Customer Services to obtain all necessary professional advice to support the potential purchase of the site (detailed in the report) from appropriately qualified and experienced consultants, including, but not limited to, property, environmental, legal and planning advice.
2. To note that should negotiations to purchase by private treaty not prove to be productive, that it might be necessary to consider acquiring the land (detailed in the report) via compulsory purchase action, subject to further Cabinet approval, in order to secure the development and redevelopment and the proper planning of the area.

Reason: As detailed in Report No.5 above.
(Key decision – reference number 3921)

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