

**MINUTES OF THE MEETING OF THE CABINET
HELD ON WEDNESDAY, 18 JANUARY 2017**

COUNCILLORS

PRESENT Doug Taylor (Leader of the Council), Achilleas Georgiou (Deputy Leader), Daniel Anderson (Cabinet Member for Environment), Yasemin Brett (Cabinet Member for Community, Arts and Culture), Alev Cazimoglu (Cabinet Member for Health and Social Care), Krystle Fonyonga (Cabinet Member for Community Safety and Public Health), Dino Lemonides (Cabinet Member for Finance and Efficiency) and Alan Sitkin (Cabinet Member for Economic Regeneration and Business Development)

Associate Cabinet Members (Non-Executive and Non-Voting): Bambos Charlambous (Enfield West), George Savva (Enfield South East)

ABSENT Ayfer Orhan (Cabinet Member for Education, Children's Services and Protection) and Ahmet Oykenner (Cabinet Member for Housing and Housing Regeneration), Vicki Pite (Associate Cabinet Member – Enfield North)

OFFICERS: Rob Leak (Chief Executive), Ian Davis (Executive Director of Regeneration & Environment), Ray James (Executive Director of Health, Housing and Adult Social Care), James Rolfe (Executive Director of Finance, Resources and Customer Services), Tony Theodoulou (Executive Director of Children's Services), Asmat Hussain (Assistant Director Legal & Governance Services), Jayne Middleton-Albooye (Head of Legal Services), Heather McManus (Interim Assistant Director Property, Strategic Property Services), Rocco Labellarte (Assistant Director, IT), Jeff Laidler (Head of Sustainability), Nicky Fiedler (Assistant Director - Public Realm, Environment), Detlev Munster (Head of Property Programmes) and David Greely (Corporate Communications Manager) Jacqui Hurst (Secretary)

Also Attending: Councillor Mike Rye

1

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Ayfer Orhan (Cabinet Member for Education, Children's Services and Protection), Ahmet Oykenner (Cabinet Member for Housing and Housing Regeneration) and, Vicki Pite (Associate Cabinet Member – Enfield North).

2

DECLARATIONS OF INTEREST

NOTED, the following declarations of interest in respect of items listed on the agenda:

1. Councillor Achilleas Georgiou (Deputy Leader) – disclosable pecuniary interest – Report Nos.175 and 180 – The Council’s Main Investment Decision in energetik! Councillor Georgiou left the meeting for the discussion of these reports and took no part in the decision making. (Minute Nos. 8 and 19 below refer).
2. Councillor Alev Cazimoglu (Cabinet Member for Health and Social Care) – non-pecuniary interest as the Chair of the Board of the Local Authority Trading Company – Independence and Well Being Enfield Ltd – Report Nos.178 and 181 – Reprovision Project (Minute Nos. 11 and 20 below refer).
3. Councillor Alan Sitkin (Cabinet Member for Economic Regeneration and Business Development) – non pecuniary interest as the Chair of the Board of energetik! – Report Nos.175 and 180 – The Council’s Main Investment Decision in energetik! (Minute Nos. 8 and 19 below refer).
4. Councillor Doug Taylor (Leader of the Council) – non pecuniary interest as a Board Member of energetik! - Report Nos.175 and 180 – The Council’s Main Investment Decision in energetik! (Minute Nos. 8 and 19 below refer).

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 2012. These requirements state that agendas and reports should be circulated at least 5 clear working days in advance of meetings.

4

DEPUTATIONS

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

5

ITEMS TO BE REFERRED TO THE COUNCIL

AGREED, that the following reports be referred to full Council:

1. Report Nos. 175 and 180 – The Council’s Main Investment Decision in Energetik

6

TRANCHE 8 - ASSET MANAGEMENT - POTENTIAL DISPOSAL OF COUNCIL OWNED PROPERTIES

Councillor Dino Lemonides (Cabinet Member for Finance and Efficiency) introduced the report of the Executive Director of Finance, Resources and Customer Services (No.173) seeking approval in principle to the sale of various Council properties listed in the Appendix to the report, which were considered in the Council’s best interests to sell, subject to satisfactory further evaluation and consultation, in order to assist in funding capital spending.

NOTED

1. That this was the eighth in a series of reports to Cabinet since December 2010.
2. Approval was being sought in principle only at this stage and specific criteria would need to be met in reaching a final decision to sell, as set out in the report.
3. The list of properties set out in Appendix 1 to the report.

Alternative Options Considered: Retention of property without regular review was clearly not in the Council’s business interests. If property was not disposed of, it would cause a reduction in capital spending or increased borrowing. However, evaluation of individual cases might result in retention being the better option.

DECISION: The Cabinet agreed

1. That approval be given in principle to the disposal of those properties listed in the appendix to the report.
2. To delegate the method of sale and the approval of provisionally agreed terms of sale to the Cabinet Member for Finance and Efficiency in consultation with the Executive Director of Finance, Resources and Customer Services.

Reason: Potential disposal of the properties was recommended as being in the Council's best financial interests balanced against service and community needs.

(Key decision – reference number 4448)

7

TAKING FORWARD ENFIELD COUNCIL'S IT OFFER

Councillor Dino Lemonides (Cabinet Member for Finance and Efficiency) introduced the report of the Executive Director of Finance, Resources and Customer Services (No.174) outlining proposals for taking forward Enfield Council's IT offer.

NOTED

1. That Report No.179 also referred, as detailed in Minute No.18 below.
2. That the wording of recommendation 2.1.1 of the report had been amended, and an additional recommendation added at 2.1.3 of the report, as reflected in the decisions set out below and outlined at the meeting.
3. That on 10 February 2010 Cabinet had agreed to register a limited company, owned by the Council, to leverage the IT investment made in the Enfield 2017 programme, helping to mitigate future cost pressures on the Council by generating income.
4. The three options that had been considered in moving forward as detailed in the report.
5. Councillor Georgiou expressed his support for the proposals which represented a good opportunity for the Council.
6. Members were advised of the detail of the proposed business model following extensive consideration of the options available. There was considerable market interest in the Enfield digital platform (as set out in the report). The technology included the Digital Platform, and other solutions being developed in parallel, including Artificial Intelligence, Data Analytics and Systems Thinking.
7. The detail of the recommended option, option 3, as outlined in the report, to establish an IT company that negotiated income generating agreements with commercial organisations and provided specialist services to other public bodies. The benefits of this model were outlined to Members.
8. Members' support for option 3 and, noted the minimal level of risk together with the potential reward to the Council in going forward.

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Members discussed the future development potential and noted the progress that had been made to date as set out in the report and outlined at the meeting. In response to a question raised, it was noted that there was potential for other local authorities to pursue similar models as well.

9. Councillor Brett was pleased to note the work which had been undertaken with the voluntary sector, in particular with Age UK. In response to a question raised by Councillor Brett, it was noted that whilst the voluntary sector would not have membership on the company Board, future discussions could take place with the voluntary sector as the proposals developed further. Councillor Georgiou explained that the governance structure of the company was still to be established.

Alternative Options Considered: NOTED the alternative options detailed in section 4 of the report and summarised below:

- Do nothing
- Establish an IT company to build, market and support products and services
- Establish an IT company that negotiates income generating agreements with commercial organisations and provides specialist services to other public bodies.

DECISION: The Cabinet agreed to approve

1. Option three, summarised in paragraph 1.8 and detailed in paragraph 4.4 of the report, to establish an IT company, limited by shares and owned by the Council, that negotiates income generating agreements with commercial organisations as well as providing IT specialist services, delegating the finalisation and signature of all start-up arrangements and initial commercial agreements to the relevant Cabinet Member together with the Executive Director of Finance, Resources and Customer Services.
2. The governance arrangements detailed in sections 3.18 to 3.25 of the report inclusive.
3. That a further report would be brought back to Cabinet setting out the IT company governance structure in detail including documentation highlighted in 2.1.1 and 2.1.2 of the report, for approval.

Reasons: In recommending option 3, detailed in paragraph 4.4 of the report, the two key considerations were:

- The Council had developed, as part of the Enfield 2017 programme, with the support of third parties, a reputation in local government for having a digital platform that could easily be adapted for other councils. This know-how and reputation could be leveraged to generate an income stream for the Council over the next five years. Market interest and discussions with various commercial organisations suggest that

this would be possible, and negotiations with some of those organisations were under way to enable this to happen.

- The income from referrals together with specialist IT services provided directly by the company would offset some of the future financial pressures on the Council.

(Key decision – reference number 4378)

8

THE COUNCIL'S MAIN INVESTMENT DECISION IN ENERGETIK

Councillor Achilleas Georgiou (Deputy Leader) left the meeting for the following item, Minute No.2 above refers.

Councillor Alan Sitkin (Cabinet Member for Economic Regeneration and Business Development) introduced the report of the Executive Director of Regeneration and Environment (No.175).

NOTED

1. That Report No.180 also referred as detailed in Minute No.19 below.
2. That the reports were scheduled for consideration at the full Council meeting on 25 January 2017.
3. Councillor Sitkin read out direct quotes from industry experts who were in support of the development of energetik! Members were also advised of the level of national interest in the development of such heat strategies. In conclusion Councillor Sitkin stated that the proposals were in line with national policy and that the risk to the council had been minimised in the development of the project. The Council had taken a cautious approach and extensive due diligence undertaken including the involvement of external independent experts. The proposals had been the subject of a series of previous reports considered by Members.

Alternative Options Considered: NOTED, the alternative options that had been considered as set out in full in section 5 of the report. Report No.180 also referred as detailed in Minute No.19 below.

DECISION: The Cabinet agreed to

1. Approve the Business Plan, prepared for and approved by the Holding Company Board of LVHN Ltd on 19 July 2016, with an update report to account for the revised two phase funding strategy scheduled to be approved on 10 January 2017.
2. Delegate to the Executive Director of Finance, Resources and Customer Services to agree an On-Lending Agreement between the

Council and energetik! for the outstanding balance from the £15 million Tranche 1 funding, noting that £12 million had already been successfully secured under a match funding arrangement with the European Investment Bank (EIB) (£6 million) and the London Energy Efficiency Fund (LEEF) (£6 million).

3. Delegate to the Council's Executive Director of Finance, Resources and Customer Services to approve and vary the schedule of loan repayments with energetik!; to approve the entering into of further loan agreements between the Council and energetik! to make available the funds which were the subject of this report; to operate the lending facilities; and to agree milestones required to be met before the release of funds. All borrowing would be in accordance with the Council's Treasury Management Strategy to mitigate the risk of a negative impact on the Council's budget and Medium Term Financial Plan.
4. Authorise Parent Company Guarantees to energetik! to cover its financial obligations in relation to the Heat Sale Agreement, Agreement for Lease and the Lease with the North London Waste Authority (NLWA) as per section 7.2.16 of the report.
5. Delegate to the Council's Executive Director of Regeneration and Environment authority to settle final drafting matters for the Heat Supply Agreement, Lease and Agreement for Lease in conformity with the Business Plan.
6. Approve energetik! to enter into contracts to sell the locally produced, private wire electricity from Montmorency, Alma Road and New Avenue as part of the efficient operation of Combined Heat and Power generating plant.

Reasons: NOTED the detailed reasons for the recommendations as set out in section 6 of the report. Appendix 2 to the report provided a Value for Money Statement which had been broken down into the strategic, economic, commercial, financial and management elements of the Business Plan.

(Key decision – reference numbers 4266 and 4035)

9

PART SALE OF COTTAGE; BUILDING AND LAND AT HOLLY HILL FARM, 303 THE RIDGEWAY, ENFIELD, EN2 8AN

Councillor Dino Lemonides (Cabinet Member for Finance and Efficiency) introduced the report of the Executive Director of Finance, Resources and Customer Services (No.176) seeking approval to sell part of the freehold of Holly Hill Farm.

NOTED

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1. The proposal to sell part of the freehold of Holly Hill Farm for the reasons and on the terms of sale as set out in the report.
2. That the agreed sale price was £750,000 and there was an overage provision agreed of 50% of the market value of any additional residential planning being granted. Following discussion at the meeting, it was requested that the word “residential” be deleted from the final terms of sale and apply to any additional planning being granted in the future.
3. That the Council’s specialist rural consultant Knight Frank, had recommended the proposed terms and had confirmed that these represented best value as set out in section 123 of the Local Government Act 1972. In response to questions raised by Members, clarification was provided on the valuation processes which had been followed and the restrictions that applied. The proposed terms were in accordance with legal requirements and were deemed to represent best value to the Council. Members further noted the restrictions that would be applied to the terms of the sale.
4. The sale would ensure that this local business, Halo Dogs, would remain in the Borough and so provide an opportunity for the local business to plan and build for the future. Councillor Sitkin noted that this allow existing jobs to be retained and would create further job opportunities.

Alternative Options Considered: Do nothing – this option was not recommended as the Council would forgo a capital receipt of £750,000.

DECISION: The Cabinet agreed

1. To approve the proposed terms of the part sale of cottage; building and land at Holly Hill Farm, 303 The Ridgeway, Enfield, EN2 8AN as detailed in the report.
2. To delegate authority to the Executive Director of Finance, Resources and Customer Services and the Assistant Director of Property Services, to agree final terms and enter into appropriate legal agreement for the freehold sale and subsequent amendments to the farm business tenancy agreement as detailed in the report.
3. To note that the annual rental income, which the Council received from this farm asset would reduce from £31k to £18k as a result of the proposed part sale.

Reason: It would generate a capital receipt for the Council which could be allocated to help fund spending priorities. It would ensure that this local business would remain in the borough. It would provide an opportunity for the local business to plan and build for the future.

(Key decision – reference number 4447)

**10
INDEPENDENCE AND WELL BEING ENFIELD LTD. GOVERNANCE
REPORT**

NOTED, that this item had been withdrawn from the agenda for consideration at a future Cabinet meeting.

**11
REPROVISION PROJECT**

Ray James (Executive Director of Health, Housing and Adult Social Care) introduced the report (No.178) outlining proposals for Members' consideration and approval on the way forward for the Reprovision Project.

NOTED

1. That Report No.181 also referred as detailed in Minute No.20 below.
2. The procurement processes which had been followed as set out in the report, which had failed to reach a satisfactory conclusion. The report therefore recommended, subject to further governance and due diligence being undertaken, that the Council's contingency arrangements be activated. This was to expand the role of the Council's Local Authority Trading Company (LATC) Independence and Well Being Enfield, so that it could undertake service delivery of the new care home. A further report would be brought back to Cabinet for approval following the completion of the required governance considerations and due diligence.
3. That, Members were advised that it had been necessary to review the recommendations set out in the published report. Ray James outlined for Members the new recommendations which were considered and agreed by Members at the meeting, as reflected in the decisions set out below. The amended recommendations would also need to be reflected in the wording of paragraph 3.8.2 of the report. It was noted that Members' approval of the recommendations would be in the light of their consideration of the super part 2 report circulated at the meeting.

Alternative Options Considered: NOTED the alternative options which had been considered as set out in section 4 of the report.

DECISION: The Cabinet agreed

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1. To note the contents of the super part two report, circulated at the meeting under restricted access, as detailed in Minute No.20 below, detailing background information of the recent tender exercise and the decision not to proceed.
2. That Cabinet as shareholder resolved to write to the Company to update its business plan to incorporate operating a dual registered 70 bed care home and undertake necessary mobilisation ahead of any potential approval of the business plan.
3. That the updated business plan would be brought to Cabinet for approval.

Reason: The detailed reasons for the recommendations were set out in full in section 5 of the report.

(Key decision – reference number 4309)

12

ISSUES ARISING FROM THE OVERVIEW AND SCRUTINY COMMITTEE

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

13

CABINET AGENDA PLANNING - FUTURE ITEMS

NOTED

1. The provisional list of items scheduled for future Cabinet meetings.
2. The addition of two further items for consideration at the February Cabinet meeting:
 - The establishment of a Cabinet Sub-Committee for the Enfield Community Support Fund
 - Independence and Well Being Enfield Ltd. Governance Report (deferred from January)

14

MINUTES

AGREED, that the minutes of the previous meeting of the Cabinet held on 14 December 2016 be confirmed and signed by the Chair as a correct record.

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 Cabinet meeting was scheduled to take place on Wednesday 8 February 2017.

Councillor Yasemin Brett (Cabinet Member for Community, Arts and Culture) extended her apologies for absence for this meeting.

17

EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED, in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and public from the meeting for the items listed on part 2 of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

18

TAKING FORWARD ENFIELD COUNCIL'S IT OFFER

Councillor Dino Lemonides (Cabinet Member for Finance and Efficiency) introduced the report of the Executive Director of Finance, Resources and Customer Services (No.179).

NOTED

1. That Report No.174 also referred as detailed in Minute No.7 above.
2. The financial analysis set out in the report in support of the recommendations set out in Report No.174, Minute No.7 above referred.
3. The detailed financial analysis for the three options which had been considered together with the associated potential risks and rewards. The reasons for recommending option three were noted together with the potential income to the Council over the next 5 years. Members

were advised of the commercial discussions that were taking place. The potential to implement option 2 at a future stage if required and felt appropriate was noted.

Alternative Options Considered: As detailed in Report No.174, Minute No.7 above referred.

Reasons: As detailed in Report No.174, Minute No.7 above referred.
(Key decision – reference number 4378)

Councillor Doug Taylor (Leader of the Council) re-ordered the agenda at this point of the meeting and considered Report No.181 – Reprovision Project. The minutes reflect the order of the printed agenda.

19

THE COUNCIL'S MAIN INVESTMENT DECISION IN ENERGETIK

Councillor Achilleas Georgiou (Deputy Leader) left the meeting for this item and took no part in the discussion, Minute No.2 above refers.

Councillor Alan Sitkin (Cabinet Member for Economic Regeneration and Business Development) introduced the report of the Executive Director – Regeneration and Environment (No.180).

NOTED

1. That Report No.175 also referred as detailed in Minute No.8 above.
2. Paragraph 3.52 of the report outlined the review that had been undertaken by KPMG. The Business Plan was prudent, robust and deliverable. Members' attention was also drawn to paragraph 3.6.4 with regard to the anticipated investment returns for the company and for the Council. Councillor Sitkin highlighted a number of positive factors for Members' consideration.
3. The need for Councils to be innovative and identify revenue funding streams at a time of highly constrained Council budgets.
4. Councillor Taylor concluded by supporting the proposal and highlighting the opportunity to the Council in moving forward with this business. The business offered a practical proposition; it would deliver financially and be of social value to the local community; and, the proposals had been the subject of robust and external independent evaluation. Councillor Taylor further outlined the benefits of the business, as set out in full in the report.

Alternative Options Considered: As detailed in Report No.175 (Minute No.8 above referred) and in paragraphs 5.15 and 5.16 of the report.

RECOMMENDED TO COUNCIL

1. To approve an addition of the amount detailed in recommendation 2.2 of the report, to the Council's capital programme, noting that development costs, as stated in recommendation 2.2 of the report, incurred to date had already been approved and added to the Council's capital programme. This would bring the initial "Tranche 1" investment in energetic to the figure stated in recommendation 2.2 of the report.
2. To approve an addition, of the amount stated in recommendation 2.5 of the report, to the indicative capital programme as part of the, amount as stated in the report, energetik Business Plan. It consisted of the forecast, figure stated in the report, Tranche 2 investment and a Business Expansion Fund of up to the amount stated in the report. This was in addition to the amount (stated in the report) required for Tranche 1. A further Cabinet report would be required to enable drawdown of the Tranche 2 funding by moving it into the Council's Capital Programme.

DECISION: The Cabinet agreed to

1. Note that the total additional project expenditure requested from the Council was up to the figure stated in recommendation 2.3 of the report as part of the amount (stated in the report) energetik Business Plan. The Council's Tranche 1 and 2 investment would allow the business to make the necessary capital expenditures in advance of receipt of revenue required to deliver the heat networks which would eventually supply over 15,000 homes (or commercial equivalent).
2. Approve the carry forward the unspent capital budget from the previously approved sum (as detailed in recommendation 2.4 of the report), currently forecast to be the amount as detailed in the report, which was forecast to be spent by 31 March 2017.

Reasons: As detailed in Report No.175 (Minute No.8 above referred) and in paragraphs 6.3, 6.4 and 6.5 of the report.

(Key decision – reference numbers 4266 and 4035)

20

RE-PROVISION PROJECT

Ray James (Executive Director of Health, Housing and Adult Social Care) introduced the report (No.181).

NOTED

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1. That the report was circulated at the meeting under restricted circulation for Cabinet consideration. Report No.177 also referred as detailed in Minute No. 11 above.
2. The contents of the report in making the decisions set out in the recommendations in the part one report (Minute No.11 above referred).
3. Members were advised in detail of procurement processes which had been undertaken and the reasons why it had been concluded that none of the bids received had been satisfactory. In seeking to activate the Council's contingency arrangements, further due diligence would be undertaken and a further report submitted to a future Cabinet meeting for agreement.
4. Ray James outlined the detailed reasons why it was not appropriate to proceed with the procurement and outlined the range of factors that had been taken into consideration.
5. Councillor Rye sought clarification and assurance with regard to the proposals now being presented to Members for approval in going forward and questioned the potential financial implications for the LATC.
6. Ray James highlighted the assurances set out in the report, detailing the financial implications and strengths of the LATC.
7. That further due diligence work would be undertaken prior to final Member approval being sought to ensure that the future proposals were robust. Mobilisation work would be undertaken in parallel to this.
8. The need to expand the role of the LATC to enable the required service delivery to be undertaken. It was noted that any future increases in cost would need to be managed by the LATC on a commercial basis.
9. In response to a question raised, it was noted that the bidders involved had been advised that the Council would not be proceeding with the procurement, as set out in the report.
10. Ray James clarified the pricing schedules and scoring mechanisms used and noted that none of the bidders had met the required quality threshold at an affordable price. The dialogue which had been held with the bidders and the measures undertaken during the process were noted. A number of issues were clarified to Members in response to questions raised.
11. The general state of the care market. Members felt that the proposed way forward was sensible in the light of the failure of the care market to successfully meet the specified requirements of the Council as set out in the report.

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12. The flexibility that would exist in the future with regard to the specified bed usage within the new care home. Ray James outlined in detail the current proposals for bed usage within the care home. The price differentials with regard to different forms of care were noted.
13. That a local authority could not directly run a dual registered care home, it was not permitted to provide nursing care. However, it was noted that the LATC would be able to do so.

Alternative Options Considered: NOTED the alternative options that had been considered as set out in section 5 of the report.

Reason: As detailed in the part 1 report, Minute No.11 above referred.
(Key decision – reference number 4309)