



LONDON BOROUGH OF ENFIELD

**AGENDA FOR THE COUNCIL MEETING
TO BE HELD ON WEDNESDAY, 25TH
JANUARY, 2017 AT 7.00 PM**

MEETINGS THAT HAVE TAKEN PLACE SINCE THE LAST COUNCIL (9 Nov 2016)

Set out below is a list of meetings that have taken place since the last Council meeting. The contact names for the relevant officers are included.

Name of Meeting	Date	Officer	Contact Telephone
Conservation Advisory Group	10 November 2016	Andy Higham	020 8379 3848
Overview and Scrutiny Committee	10 November 2016	Stacey Gilmour	020 8379 4187
Cabinet	16 November 2016	Jacqui Hurst	020 8379 4096
Highlands & Town Ward Forum	17 November 2016	Clare Bryant	020 8379 5003
Planning Panel	17 November 2016	Metin Halil/Jane Creer	020 8379 4091/ 020 8379 4093
Local Plan Cabinet Sub-Committee	22 November 2016	Clare Bryant	020 8379 5003
Planning Committee	29 November 2016	Metin Halil/Jane Creer	020 8379 4091/ 020 379 4093
Southgate Green Ward Forum	29 November 2016	Clare Bryant	020 8379 5003
Cockfosters Ward Forum	30 November 2016	Clare Bryant	020 8379 5003
Bowes Ward Forum	1 December 2016	Clare Bryant	020 8379 5003
Turkey Street Ward Forum	5 December 2016	Clare Bryant	020 8379 5003
Jubilee Ward Forum	6 December 2016	Clare Bryant	020 8379 5003
Enfield Lock Ward Forum	6 December 2016	Clare Bryant	020 8379 5003
Licensing Sub-Committee	7 December 2016	Jane Creer	020 8379 4093
Councillor Conduct Committee	7 December 2016	Penelope Williams	020 8379 4098
Schools Forum	8 December 2016	Sangeeta Brown	020 8379 3109
Health and Wellbeing Board	8 December 2016	Jane Creer	020 8379 4093
Deaf Community Forum	8 December 2016	Stacey Gilmour	020 8379 4187
Cabinet	14 December 2016	Jacqui Hurst	0208 379 4096
Southgate Ward Forum	14 December 2016	Clare Bryant	020 8379 5003
Conservation Advisory Group	15 December 2016	Andy Higham	020 8379 3848
Child Sexual Exploitation & Associated Risk to Children and Young People Task Group	19 December 2016	Clare Bryant	020 8379 5003

Planning Committee	20 December 2016	Metin Halil/Jane Creer	020 8379 4091/ 020 379 4093
Crime Scrutiny Standing Workstream	5 January 2017	Stacey Gilmour	020 8379 4187
Health Scrutiny Standing Workstream	5 January 2017	Elaine Huckell	020 8379 3530
Ponders End Ward Forum	10 January 2017	Clare Bryant	020 8379 5003
Overview and Scrutiny Committee	10 January 2017	Stacey Gilmour	020 8379 4187
Audit & Risk Management Committee	12 January 2017	Metin Halil	020 8379 4091
Overview and Scrutiny Committee	17 January 2017	Stacey Gilmour	020 8379 4187
Winchmore Hill Ward Forum	17 January 2017	Clare Bryant	020 8379 5003
Schools Forum	18 January 2017	Sangeeta Brown	020 8379 3109
Southbury Ward Forum	18 January 2017	Clare Bryant	020 8379 5003
Cabinet	18 January 2017	Jacqui Hurst	020 8379 4096
Overview and Scrutiny Committee Budget Meeting	19 January 2017	Stacey Gilmour	020 8379 4197
Local Pension Board	24 January 2017	Paul Reddaway	020 8379 4730
Palmers Green Ward Forum	24 January 2017	Clare Bryant	020 8379 5003
Planning Committee	24 January 2017	Metin Halil/Jane Creer	020 8379 4091/ 020 8379 4093

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

**Please
Repy to:** Penelope Williams
Phone: (020) 8379 4098
Textphone: (020) 8379 4419
E-mail: Penelope.Williams@enfield.gov.uk
My Ref: DST/PW
Date: 20 January 2017

Dear Councillor,

You are summoned to attend the meeting of the Council of the London Borough of Enfield to be held at the Civic Centre, Silver Street, Enfield on Wednesday, 25th January, 2017 at 7.00 pm for the purpose of transacting the business set out below.

Yours sincerely

Asmat Hussain

Assistant Director Legal & Corporate Governance

1. ELECTION IF REQUIRED OF THE CHAIR/DEPUTY CHAIR OF THE MEETING

2. THE MAYOR'S CHAPLAIN TO GIVE A BLESSING

The Mayor's Chaplain to give a blessing.

3. MAYOR'S ANNOUNCEMENTS IN CONNECTION WITH THE ORDINARY COUNCIL BUSINESS

4. MINUTES OF THE MEETING HELD ON 9 NOVEMBER 2016 (Pages 1 - 26)

To approve the minutes of the meeting held on 9 November 2016 as a correct record.

5. APOLOGIES

6. DECLARATION OF INTERESTS

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

7. OPPOSITION BUSINESS - THE POOR CONTROL OF THE COUNCIL'S FINANCES AND SERVICE DELIVERY (Pages 27 - 32)

An issues paper prepared by the Opposition Group is attached for the consideration of Council.

The Council rules relating to Opposition Business are also attached for information.

8. COUNCIL TAX AND COUNCIL TAX SUPPORT SCHEME FOR 2017/18 AND BUSINESS RATE BASE 2017/18 (Pages 33 - 58)

To receive a report from the Executive Director of Finance, Resources & Customer Services reviewing and seeking approval to changes in the local Council Tax Support Scheme for 2017/18, which the Council is required to produce under section 13A(1)(a) and meeting 1A of the Local Government Finance Act 1992.

The report also recommends the 2017/18 council tax and business rate bases.

(Report No. 190)

(Key Decision – Reference Number: 4430)

Members are asked to note that for ease of reference, Appendix A to this report will be provided separately to the main agenda and will be listed as a supplementary pack on the Council's website. This report has been marked as "To Follow".

The NNDR 1 DCLG Business Rate Base Return (Appendix E) has also been marked as "To Follow".

9. PROPOSED SUBMISSION EDMONTON LEESIDE AREA ACTION PLAN (Pages 59 - 66)

To receive a report from the Executive Director of Regeneration and Environment seeking Council approval for the publication of the Proposed Submission of Edmonton Leaside Area Action Plan.

(Key Decision – Reference Number 4389)

(Report No.156A)

Please note that this report has been considered at the Local Cabinet Sub Committee (22 November 2016) and recommended for approval by Cabinet (14 December 2016).

For ease of reference, the appendix to this report has been provided separately to the main agenda and is listed as a supplementary pack on the Council's website.

10. THE COUNCIL'S MAIN INVESTMENT DECISION IN ENERGETIK (Pages 67 - 106)

To receive a report from the Executive Director of Regeneration and Environment seeking approval to the Council's main investment decision in Energetik. (Report No: 175)

(Key Decision Reference Numbers: 4266 and 4035)

Please also note the report on the Part 2 Agenda (Report No: 180).

Please note that this report is due to be considered at Cabinet on 18 January 2017 after the Council agenda is published. Any changes made to the report at Cabinet will be reported to Council on the Council update sheet, tabled at the meeting.

11. CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS (Pages 107 - 114)

To receive a report from the Executive Director of Finance, Resources and Customer Services seeking approval for changes to the arrangements for the appointment of the external auditors. (Report No: 193)

12. MOTIONS

12.1 In the name of Councillor Anne Marie Pearce:

"This Council is concerned that with the rise in population in Enfield, ever increasing demands are being placed on our local health services. Successive governments have failed to recognise that 'fair funding' has not supported local health services to the necessary levels. In comparison with neighbouring boroughs in the North Central London Sector, Enfield is underfunded. For example, Camden, with a population of 260,000 gets an NHS grant of £372 million, while Enfield receives £10 million less with the higher population of 320,000.

The Council instructs the Cabinet Member for Health and Social Care together with the Shadow Cabinet Member to write jointly to the Secretary of State for Health requesting him to review the funding mechanism and allocate available monies in a more equal manner across London. The Council also calls upon Enfield's three Members of Parliament to support the Council in seeking a revision of the formula."

12.2 In the name of Councillor Alessandro Georgiou:

"The people of the United Kingdom have voted to leave the European Union. Therefore the Council resolves that the flag of the EU should be removed from the flag pole on the civic centre premises and replaced with the Union Flag of the United Kingdom's of Great Britain and Northern Ireland."

12.3 In the name of Councillor Alessandro Georgiou:

“This Council resolves that the National Anthem of the United Kingdom of Great Britain and Northern Ireland should have time reserved to be sung during the beginning of each Full Council Meeting.”

12.4 In the name of Councillor George Savva:

“This Council would welcome a new stance by the Government to increase infrastructure spend (as widely reported) to boost the economy, in contrast to the austerity position of the last leader of the Conservative government.

This Council therefore resolves to:

1. Inform residents of the impact of the Government’s austerity measures upon their well-being.
2. Encourage the Government to increase funding of local authorities as the ideally positioned public bodies to best serve local people to increase their well-being and to develop the local infrastructure.
3. Ask the Leader of the Council to write to the Prime Minister bringing to her attention that there should be fair funding for Enfield Council and the added value that this Council can bring for the residents of Enfield.”

12.5 In the name of Councillor Alev Cazimoglu:

“The British Red Cross has said that the NHS is experiencing a "humanitarian Crisis."

The NHS has seen the largest financial squeeze in its history and £4.6 billion has been cut from Social Care.

A third of hospitals have declared they needed urgent help to deal with the number of patients coming through the doors, including The North Middlesex University Hospital which has seen unprecedented demand on its services, resulting in the hospital being forced recently to divert ambulances from the Trust. This is a crisis for Enfield residents.

Accident and Emergency (A&E) departments have turned patients away more than 143 times between 1 December 2016 and 1st January 2017.

The Health and Social Care system needs immediate intervention to deal with the current crisis and a long term plan to stabilise Social Care.

This Council instructs the Leader of the Council and the Leader of the Opposition to send a joint letter, on behalf of Enfield residents, seeking the Government’s urgent intervention in order to fix this crisis. This must include an increase in Government funding for both the NHS and Adult Social Care

in Enfield.”

12.6 In the name of Councillor Terry Neville:

“Borough residents were once again exposed to an unnecessary and pointless 24 hour strike on the London Underground, including the Piccadilly Line locally, which brought chaos to our capital and put extra pressure on other transport services. As with previous disputes this strike served only to inflict the maximum inconvenience and misery on hard working Londoners trying to get to and from their place of work.

The Council condemns the actions of the Transport Unions involved, and calls upon the Government to fully implement the relevant provisions of the Trade Union Act 2016 to further restrict the ability to take industrial action in the public transport sector.”

13. COUNCILLOR QUESTION TIME

13.1 Urgent Questions (Part 4 - Paragraph 10.2.(b) of Constitution – Page 4-9)

With the permission of the Mayor, questions on urgent issues may be tabled with the proviso of a subsequent written response if the issue requires research or is considered by the Mayor to be minor.

Please note that the Mayor will decide whether a question is urgent or not.

The definition of an urgent question is “An issue which could not reasonably have been foreseen or anticipated prior to the deadline for the submission of questions and which needs to be considered before the next meeting of the Council.”

Submission of urgent questions to Council requires the Member when submitting the question to specify why the issue could not have been reasonably foreseen prior to the deadline and why it has to be considered before the next meeting.

13.2 Councillors’ Questions (Part 4 – Paragraph 10.2(a) of Constitution – Page 4 - 8)

The list of 38 questions is attached and the responses will be published, in accordance with the Council procedure rules, on Tuesday 24 January 2017, the day before the Council meeting.

14. INDEPENDENT PERSON - EXTENSION OF TERM OF APPOINTMENT (Pages 115 - 118)

To receive a report from the Assistant Director Legal and Governance recommending a 2 year extension to one of the Council’s Independent Person’s term of appointment as recommended by the Councillor Conduct

Committee (7 December 2016).

(Report No: 166A)

There is no statutory limit on the length of time an Independent Person can serve and the Councillor Conduct Committee felt this extension would enable the Council to retain the knowledge and experience gained in the role.

Recommendation: Council is therefore asked to approve the extension of the term of appointment for Sarah Jewell as an Independent Person for a two year period expiring on 8 October 2018.

15. COMMITTEE MEMBERSHIP

To confirm any changes to committee memberships.

Please note no changes have been identified to date. Any received once the agenda has been published will be tabled on the Council update sheet at the meeting.

16. NOMINATIONS TO OUTSIDE BODIES

To confirm any changes notified to the nominations on outside bodies.

Please note that no changes have been identified to date. Any received, once the agenda has been published, will be tabled on the Council update sheet at the meeting.

17. CALLED IN DECISIONS

None received.

18. DATE OF NEXT MEETING

The date of the next ordinary meeting of the Council will take place on Tuesday 28 February 2017 at 7pm at the Civic Centre.

19. EXCLUSION OF PRESS AND PUBLIC (Pages 119 - 120)

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 moved to the part 2 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) as listed on the agenda.

(Members are asked to refer to the part two agenda)

COUNCIL - 9.11.2016

**MINUTES OF THE MEETING OF THE COUNCIL
HELD ON WEDNESDAY, 9 NOVEMBER 2016****COUNCILLORS****PRESENT**

Bernadette Lappage (Mayor), Christine Hamilton (Deputy Mayor), Abdul Abdullahi, Daniel Anderson, Ali Bakir, Dinah Barry, Chris Bond, Yasemin Brett, Alev Cazimoglu, Nesil Cazimoglu, Erin Celebi, Lee Chamberlain, Bambos Charalambous, Dogan Delman, Nick Dines, Guney Dogan, Sarah Doyle, Christiana During, Patricia Ekechi, Turgut Esendagli, Peter Fallart, Krystle Fonyonga, Achilleas Georgiou, Alessandro Georgiou, Ahmet Hasan, Elaine Hayward, Robert Hayward, Ertan Hurer, Suna Hurman, Jansev Jemal, Doris Jiagge, Eric Jukes, Nneka Keazor, Adeline Kepez, Joanne Laban, Michael Lavender, Dino Lemonides, Derek Levy, Mary Maguire, Donald McGowan, Andy Milne, Terence Neville OBE JP, Ayfer Orhan, Ahmet Oykenner, Anne-Marie Pearce, Daniel Pearce, Vicki Pite, Michael Rye OBE, George Savva MBE, Alan Sitkin, Edward Smith, Jim Steven, Ozzie Uzoanya and Glynis Vince

ABSENT

Jason Charalambous, Katherine Chibah, Lee David-Sanders, Nesimi Erbil, Toby Simon, Andrew Stafford, Claire Stewart and Haydar Ulus

1**ELECTION IF REQUIRED OF THE CHAIR/DEPUTY CHAIR OF THE MEETING**

Not required.

2**MAYOR'S CHAPLAIN TO GIVE BLESSING**

Father Witon of Our Lady of Mount Carmel and St George Roman Catholic Church gave the blessing.

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

The Mayor made the following announcements:

She began by saying that October had again been one of the busiest months for the Mayoral team and that she would like to thank the officers, her consort, the deputy mayor, her consort for their support and for the people of Enfield for their invitations.

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1. **Past Engagements** – these included:

- **A Visit of Young People from Gladbeck** (Enfield's twin town in Germany) **and Norway** who had been looked after by Claire Whetstone and the Enfield Children and Young People's Service. The Mayor had attended a ceremony at an Enfield Town Football Match where during half time she had awarded them medals. She said that it had been a pleasure to receive the children into the borough. She had also been given an Enfield Football Club scarf, which had meant a lot to her as her brother had been an ardent supporter.
- **Visit to Haven House Hospice (Woodford Green)** – a heart wrenching visit which had brought to the Mayor's attention the number of Enfield children that used their services. The work of the hospice was invaluable and the people that work there were truly magnificent. The Mayor thanked them for their hard work and support and said that she would also be inviting them to meet key councillors so that the Council could provide more support to their valued work.
- **Looked After Children Event** – accompanied by Councillor Glynis Vince with Councillor Orhan also in attendance.
- **Park View House Residential Care Home Silver Sunday Tea Dance** – an event involving live music and dancing which was tremendously helpful to elderly and isolated residents.
- **Mayor for Peace Meeting** – an event to signify world peace - in times of great hardship and war across the world - with survivors from Hiroshima and Nagasaki who gave witness statements on their experiences. Councillor Brett also attended.
- **Launch of National Hate Crime Awareness Week** at St Paul's Cathedral – accompanied by Councillor Brett.
- **Black History Month** the many celebrations beginning with the opening ceremony at Enfield Town Library and the closing ceremony at the Dugdale Centre.
- **Celebrations for One Hundred Hours of Volunteering** – the Mayor said that it had been an honour to attend and be able to thank all those who had given up their valued time to support worthy causes and make a difference to so many people in need.
- **London Mayor's Association Annual Civic Service** in Westminster Abbey which had been attended by many dignitaries and other London mayors. The Mayor said that it had been nice to see the pageant of so many London mayors, under one roof.

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- **Thanksgiving Civic Mass** (Saturday 22 October 2016) The Mayor said that this to her was one of the most important events of her Mayoral Year. She thanked all those who had attended, including all the clergy and the Mayors of Waltham Forest, Hackney, Haringey, Barnet and the former Mayor of Newham and for making this special occasion extremely memorable and especially poignant. This had been the church where she had been baptised and it had held many good memories for her and her family.
- **Mayor's Tea at the Autumn Show** – The Mayor thanked Kathy and Paul Worrall for arranging the tea which went splendidly and for Ruth Winston House for their funding of it.
- **Ruth Winston House AGM** – The Mayor thanked Ruth Winston House for inviting her and making her feel very welcome as well as thanking all those supported the event which had meant a lot to all the Ruth Winston members at the AGM.
- **Armed Forces Event** – The Mayor's Office worked closely with Councillor Brett and her team at the recent Armed Forces Event, which proved very successful. The veterans were happy to be honoured, whilst remembering all those who lost their lives to protect the nation. The Mayor was delighted to offer the hospitality of the Mayor's Parlour and share in the civic pride of the armed forces.

2. Enfield Sounds Great

The charity was continuing to work hard and had recently benefited from the following fundraising events

- "A Night of West End Musicals" organised at the Prince Albert Pub in Hertford Road, Freezywater. In excess of £400 was raised.
- St Georges Primary School Harvest Festival Assembly – raising £156.
- Three Showings of Sing a Long a Frozen at the Dugdale Centre – on one of the occasions - while making her speech - the Mayor's two nieces in the audience had called out "We love you Aunty Bernie".
- International Lunch organised by Enfield Legal Team — which had raised £152.
- Mayor's Thanksgiving Mass where the raffle raised £156.

As the Enfield Sounds Great Charity was about promoting music in Enfield and recognising great local performers and others outside of Enfield, the Mayor paid tribute to Bob Dylan, recently been awarded the Nobel Prize for Literature. She shared the following words from one of his songs:

May God bless and keep you always,
May your wishes all come true,
May you always do for others,
And let others do for you.

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May you build a ladder to the stars,
And climb on every rung
May you stay forever young.

3. Congratulations

The Mayor offered her congratulations to Tony Theodoulou for his success in becoming the new Director of Schools and Children's Services.

4. Future Engagements

- A Visit to the Parker Dementia Centre – in December where they use music to stimulate dementia sufferers with amazing results. The Mayor had already made a visit to this centre where she had watched a band of ukulele players made up of local residents entertaining other residents which had been hugely enjoyable.
- Remembrance Day Events – several events were happening across the borough during the weekend following the meeting. The Mayor's Office would be sending details to all councillors.

The Mayor reminded members that the meeting had a timed agenda and said that she would inform the chamber 10 minutes before the end of the time allocated for each section of the meeting to allow them to sum up.

The Mayor also reminded members to be aware of their conduct during meeting. She expected them to behave courteously and respectfully both to each other and herself as Mayor and asked them to be mindful of her requests to ensure the smooth running of the meeting. If there was behaviour which she considered disruptive to the business of the meeting, she would have no recourse but to ask the member to leave the meeting.

A comfort break would be announced at a suitable time in the proceedings, around 8.30pm.

4

MINUTES OF THE MEETING HELD ON 21 SEPTEMBER 2016

The minutes of the meeting held on 21 September 2016 were agreed as a correct record.

5

APOLOGIES

Apologies for absence were received from Councillors J Charalambous, Chibah, David Sanders, Erbil, Esendagli, Simon, Stafford, Stewart, Ulus and for lateness from Councillors Dines, Hurman and Rye.

6

DECLARATIONS OF INTEREST

The Monitoring Officer advised that she had granted dispensations for this meeting only to the following members in relation to item 12. 5 Motion in the name of Councillor Sarah Doyle on women's state pension age. She had granted this on the basis that sufficient members had disclosable pecuniary interests in the issue that not allowing dispensations would impede the transaction of the business of the meeting. The dispensation enabled these members to take part in the discussion on this motion and vote.

Councillor Abdullahi
Councillor Anderson
Councillor Barry
Councillor Brett
Councillor A Cazimoglu
Councillor N Cazimoglu
Councillor Celebi
Councillor Chamberlain
Councillor B Charalambous
Councillor Delman
Councillor Dines
Councillor Dogan
Councillor Doyle
Councillor During
Councillor Ekechi
Councillor Esendagli
Councillor Fallart
Councillor Fonyonga
Councillor Achilleas Georgiou
Councillor Alessandro Georgiou
Councillor Hamilton
Councillor E Hayward
Councillor R Hayward
Councillor Hurer
Councillor Jemal
Councillor Jiagge
Councillor Jukes
Councillor Keazor
Councillor Laban
Councillor Lavender
Councillor Lemonides
Councillor Levy
Councillor Maguire
Councillor Milne
Councillor Neville
Councillor Orhan
Councillor AM Pearce
Councillor D Pearce
Councillor Pite

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Councillor Rye
Councillor Savva
Councillor Sitkin
Councillor Smith
Councillor Stafford
Councillor Steven
Councillor Taylor
Councillor Uzoanya
Councillor Vince

Councillors Celebi, Chamberlain, Delman, Dines, Fallart, Alessandro Georgiou, E Hayward, R Hayward, Hurer, Jukes, Laban, Lavender, Milne, Neville, AM Pearce, D Pearce, Rye, Smith, Steven and Vince all declared non-pecuniary interests in Motion 12.6 In the name of Councillor Mary Maguire.

Councillors Achilleas Georgiou, Dino Lemonides and Ahmet Oykener, as directors of the Housing Gateway Limited Board, declared non pecuniary interests in items 10 and 20 on the Housing Gateway Limited Budget Envelope Report.

7

CHANGE IN THE ORDER OF BUSINESS

Councillor Charalambous moved and Councillor Taylor seconded as proposal under paragraph 2.2(B) of the Council procedure rules to change the order of items on the agenda so that the following would be dealt with as the next item of business:

Motion 12.5 In the name of Councillor Sarah Doyle

The change in the order of the agenda was agreed without a vote.

8

MOTIONS

Motion 12.5 in the name of Councillor Sarah Doyle

“The Council calls upon the Government to make fair transitional state pension arrangements for all women born on or after 6th April 1951, who have unfairly borne the burden of the increase to the State Pension Age (SPA) with lack of appropriate notification.

Hundreds of thousands of women had significant pension changes imposed on them by the Pensions Acts of 1995 and 2011 with little/no/personal notification of the changes. Some women had only two years notice of a six-year increase to their state pension age. Figures show that more than 15,000 women living in the London Borough of Enfield have had their State Pension receipt date moved to the ages of between 63 and 66 years old.

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Many women born in the 1950's are living in hardship. Retirement plans have been shattered with devastating consequences. Many of these women are already out of the labour market, caring for elderly relatives, providing childcare for grandchildren, or suffer discrimination in the workplace so struggle to find employment.

Women born in this decade are suffering financially. These women have worked hard, raised families and paid their tax and national insurance with the expectation that they would be financially secure when reaching 60. It is not the pension age itself that is in dispute - it is widely accepted that women and men should retire at the same time.

The issue is that the rise in the women's state pension age has been too rapid and has happened without sufficient notice being given to the women affected, leaving women with no time to make alternative arrangements. The Council calls upon the Government to reconsider transitional arrangements for women born on or after 6th April 1951, so that women do not live in hardship due to pension changes they were not told about until it was too late to make alternative arrangements.

We call upon the Leader of Enfield Council to write to the Secretary of State for Work and Pensions in the strongest possible terms, urging that fair transitional arrangements are introduced forthwith."

Following a debate, this motion was put to the vote and agreed unanimously.

(A dispensation had been granted by the Monitoring Officer to enable members to take part in the debate and vote on this item, as listed under the minute for item 6.)

9

REFURBISHMENT AND RE-PROVISION WORK ON ENFIELD HIGHWAY LIBRARY BUILDING

This report was withdrawn.

10

ENFIELD ADULT SAFEGUARDING BOARD ANNUAL REPORT 2015-16

Councillor Alev Cazimoglu moved and Councillor Rye seconded the report of the Director of Health, Housing and Adult Social Care presenting the Safeguarding Adults' Board Annual Report 2015-16 (Report No: 95).

NOTED

1. The report had been referred on for information from Cabinet at their meeting on 19 October 2016 and has also been considered by the Health and Wellbeing Board.

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2. The thanks to Marian Harrington, the Chair of the Adult Safeguarding Board, who had served the board with dedication and passion over the past three years and was now standing down. A replacement would be made at the meeting in December 2016.
3. The board had been statutory since April 2015 and worked as a strong, positive partnership of both statutory and other bodies.
4. During the year 2015-16 there had been 3,111 reports to the multi-disciplinary hub with 1,244 of these being raised to the Council. Neglect and multiple-abuse, the most commonly reported allegations, were against people of trust including family members and paid workers.
5. The Council had a statutory duty to report on all safeguarding adult reviews. Two of these reviews were completed during the year and a further two were in progress.
6. The success of “making safeguarding personal”, focussing on the person at risk, enabling a robust response.
7. The endorsement of the Opposition to the comments made and the thanks to Marian Harrington for her work as Chair. However there was some concern about:
 - a. The worrying number of substantiated cases.
 - b. That adult abuse lacked the higher profile of child abuse.
 - c. The need to learn from the outcomes of the reviews
 - d. To avoid complacency and make sure resources were available.
 - e. There was a danger in only noting, as it was only a small step to something horrible happening.
 - f. Cruelty and neglect were a criminal activity but the penalties for them were derisory and should be increased substantially.
 - g. The issue was a major public concern and the people concerns should be represented.
8. The response of the Majority Group that abuse was an appalling act and we could never be complacent, it was essential to safeguard those at risk.
9. The thanks to councillors for their contributions which the Cabinet Member for Health and Social Care would take on board, making representations to work on the legislation to deal more appropriately with the issues. Although a gold standard had been achieved, the Council was not complacent and would seek to improve.

AGREED to note the progress being made in protecting vulnerable adults in the borough as set out in the annual report of the Safeguarding Adults' Board.

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11

ENFIELD CHILD SAFEGUARDING BOARD ANNUAL REPORT 2015-16

Councillor Orhan moved and Councillor Vince seconded the report of the Director of Children's Services on the Enfield Adult Safeguarding Board Annual Report 2015-16. (Report No: 96)

NOTED

1. That the report had been referred on to Council, for information, from Cabinet at their meeting on 19 October 2016 and had also been considered by the Health and Wellbeing Board.
2. The Cabinet Member for Education, Children's Services and Protection recognition of the enormous progress made and the thanks to the department for their work including the independent Chair Geraldine Gavin for her exceptional work. Progress had been made in facilitating safe living with fathers, and strides in highlighting the issues of female genital mutilation and radicalisation of the young. Some children suffered unimaginable difficulties due to the complex dangers of the ever changing world, including from knife and gun crime, neglect and addictions.
3. Working collectively with the partner authorities, creating a strong voice and ensuring funding were crucial.
4. Thanks were also made to Councillor Vince, Children and Young People's Services, as well as Councillor Jemal for her work with the Child Sexual Exploitation Task Group.
5. The welcome of the joint working with Haringey in bidding for joint funding and working across borough boundaries.
6. The need to deal holistically with children at risk from child sexual exploitation, to ensure that there are no unintended consequences from House of Lords amendments to the current bill on child trafficking and that the Governments' Child Abuse Enquiry was completed in a timely fashion.
7. The request that members view, like and follow the Children's Safeguarding Board twitter feed and Facebook pages.
8. The support of the Opposition for the report and for the outstanding work of the Chair, Geraldine Gavin, but also concerns:
 - a. That the report should include more detailed statistics so that trends could be identified, including numbers of cases, logging actions taken, prosecutions, the effectiveness of actions taken and more information from the Police on radicalisation and the work being done to fight ISIS.

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- b. About the staff leaving the related service and not being replaced.
9. The summing up of the Cabinet Member for Education, Children's Services and Protection, that the work of the board should be celebrated and with thanks to members for their contributions, and a promise that the comments would be taken on board. A huge amount of work had been done and some of it was set out at the back of the report.

AGREED to note the progress being made to safeguard children and young people and specifically note this report and the Enfield Safeguarding Children Board Annual Report which was attached to the report as an appendix.

12

HOUSING GATEWAY LIMITED - INCREASED BUDGET ENVELOPE

Councillor Oykenor moved and Councillor Lemonides seconded a report of the Director of Finance, Resources and Customer Services seeking approval for new Council borrowing to be on lent to Housing Gateway Limited.

NOTED

1. That the report would need to be read in conjunction with report number 141 on the part 2 agenda. See also minute ???
2. Housing Gateway Limited had been set up in 2014, in response to housing pressures in Enfield, to provide an alternative to nightly paid accommodation for homeless people. So far savings of £1.3m had been achieved, with a further £1m per year anticipated. The company had been set up with exemplary landlord standards: 85% of tenants had expressed satisfaction with the accommodation. Properties had been purchased and refurbished, providing good quality accommodation with security of tenure which had also helped improve local neighbourhoods. The policy had been a success and had achieved more than it had set out to do.
3. The concerns of the Opposition in relation to:
 - a. The impact on first time buyers. Some felt that Housing Gateway was being used to thwart the policy of increasing home ownership, by re-municipalising and buying back properties that were previously social housing. It was preventing first time buyers from purchasing property as they were not able to compete with the Council at a time of 14% increases in Enfield house prices: Enfield families were being forced out to cheaper areas outside London.

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- b. The increase to the Council's capital programme particularly as the Council already had a 7.9m overspend this year.
 - c. That Housing Gateway was not adding to the housing stock as no new units were being built.
 - d. Although acknowledging that it was a useful temporary approach, the scale and scope of the current scheme was felt to be too large.
 - e. That homeless people should be housed in cheaper areas outside Enfield.
 - f. It would be better to build new properties rather than buy existing stock.
 - g. The Conservative Government had acted to increase stamp duty and taxes on buy to let landlords.
4. The responses of the majority party that
- a. The Housing Gateway scheme had been set up in reaction to Government policy, which had led to the migration of people out of inner London, and also the withdrawal of Government funding.
 - b. Not enough homes were being built. The problem was that the Government had not been able to manage the housing crisis.
 - c. Not doing this would mean that the Council would have to cut other services. Borrowing was being used to purchase assets which were appreciating in value and borrowing limits were being monitored.
 - d. Many former Council properties had been sold through the "right to buy" legislation, and then rented back to the Council at hugely inflated prices to enable the housing of homeless people. This was costing the people of Enfield.
 - e. When buying properties, the council was mainly competing with other councils, buy to let landlords and property speculators, not first time buyers.
 - f. Moving vulnerable families out of the borough broke up communities, their support networks and meant that children had to move schools.
5. Support for the scheme in terms of a means of regenerating properties which would otherwise be unmortgageable and allowing savings on the temporary accommodation budget was expressed, but also the view

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that it would be preferable if properties could be sold to help pay off loans while the market was rising, as it was likely that it would soon fall.

6. In summing up, the Cabinet Member for Housing and Housing Regeneration said he would take on board the comments made and was considering the remodelling of financial arrangements. He said that there was scope to do some things differently, but it was not possible to move people out of the borough, unless attempts had been made to house them locally, as had been proved in a recent legal case against Westminster Council. More homes were being built at Meridian Water.

Following the debate the report was put to the vote and agreed with the following result:

For: 32

Against: 20

Abstentions: 0

AGREED

1. To note that the Leader had agreed, under the Cabinet Urgent Action Procedure, to recommend to Council to agree new Council borrowing (as set out in Part 2) and on-lend this to Housing Gateway Limited (HGL) in accordance with the Facility Letter, allowing the purchase of additional units. This will require an addition to the existing capital programme fully funded by repayments from HGL.
2. To approve new Council borrowing (as set out in Part 2) and on-lend this to Housing Gateway Limited (HGL) in accordance with the Facility Letter. This will require an addition to the existing capital programme fully funded by repayments from HGL.
3. To note that savings are expected to be achieved from the reduction in the use of nightly paid accommodation. These will help to contain the forecast cost pressure in Temporary Accommodation budgets.
4. To note that the terms of the Facility Letter were agreed by the Director of Finance, Resources and Customer Services; Director of Health, Housing and Adult Social Care; Cabinet Member for Finance; and Cabinet Member for Housing and Estate Regeneration in September 2014 and the HGL Board of Directors in April 2014.
5. To note that the treasury management decisions regarding the Council's borrowing to enable the on-lending to HGL will be subject to the Council's existing Treasury Management Strategy.

(Councillors Achilleas Georgiou, Lemonides and Oykenner had declared non pecuniary interests in this item).

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13

BOUNDARY COMMISSION FOR ENGLAND'S 2018 REVIEW OF PARLIAMENTARY CONSTITUENCY BOUNDARIES - COUNCIL RESPONSE

Councillor Jemal moved and Councillor Hurer seconded the report of the Chief Executive on behalf of the Electoral Review Panel on the Boundary Commission for England's 2018 Review of Parliamentary Constituency Boundaries.

NOTED

1. The Electoral Review Panel had held a positive and constructive meeting and reached agreement on a proposed response to the consultation. They had agreed that the proposals were not in the best interests of Enfield and that they broke current cultural and transport links. Five different MPs would have an interest in the borough instead of the current three. This would increase administrative complexity.
2. Enfield was a growing borough, with an increasing population, but these proposals would lead to a reduction in the number of MPs with a clear interest in the borough.
3. That the company referred to in the second bullet point, on page 139 of the agenda pack, was Govia Thameslink not Transport for London as stated.
4. It was strange that the Government was proposing to reduce the number of MPs, elected representatives, in the House of Commons when they had recently increased the number of unelected representatives in the House of Lords. This is a democratic deficit.
5. Thanks to all the members who contributed to the review.
6. The support of the Opposition for the response being put forward but some concern that more detailed alternative proposals maintaining the integrity of the borough could not have been developed. Giving five different MPs a stake in the borough was felt to be a dilution of democracy. The commission had also ignored local ties.
7. Individual responses could also be submitted, up until 3 December 2016.
8. The Boundary Commission had had an unenviable task but it was felt that it had failed to come up with reasonable proposals. Enfield population was predicted to grow to over 400,000 (up from 324,000) by 2032 so it was feared that the constituency figures would be out of date almost as soon as they were published. Using 2015 population figures had already discounted the 2 million extra voters who had registered before the EU referendum.

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Following the debate, the report was put to the vote and agreed unanimously.

A ten minute comfort break was held at this point in the meeting.

**14
CHANGE IN THE ORDER OF BUSINESS**

Councillor Charalambous moved and Councillor Taylor seconded a proposal under paragraph 2.2(B) of the Council procedure rules to change the order of items on the agenda so that the following would be dealt with as the next items of business, in this order:

Motion 12.6 In the name of Councillor Mary Maguire
Motion 12.2 In the name of Councillor George Savva
Motion 12.4 In the name of Councillor Anne Marie Pearce

The change in the order of the agenda was put to the vote and agreed with the following result:

For: 31
Against: 19
Abstentions: 0

**15
MOTIONS**

1.1 Urgent Motion

Council was asked to note that the Mayor had agreed to accept an urgent motion under Part 4 paragraph 11.6 of the constitution.

The decision was accepted as urgent, as notice as under Part 4, Paragraph 11 could not reasonably have been given for the following reasons:

Motions for this Council meeting should have been submitted by Friday 28 October 2016 and Councillor Chibah's first email on the subject was dated 2 November 2016. This explaining why the matter could not have been dealt with within the normal timescales.

The reason why it was essential that this matter should be considered at this Council, and not delayed, was because there were four further scheduled meetings of the Overview & Scrutiny Committee before the next Council on the 25 January 2017 and it was felt that the matter should be considered before these meetings.

Motion in the name of Councillor Terry Neville

Councillor Neville proposed and Councillor Alessandro Georgiou the following motion:

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“This Council is concerned to note that Councillor Katherine Chibah, a permanent member and Vice Chair of the Overview & Scrutiny Committee (OSC) has missed meetings on 30 June, 3 August, 4 October (the latter called to consider the council’s projected revenue overspend), and 11 October. She has also now indicated that because she has been involved in the American elections she will not be here to consider several call-ins on the scheduled meeting date of the 10 November.

Council is even more concerned to note that in seeking to obtain a substitute for her at the meeting on 10 November, Councillor Chibah wrote to Councillors Maguire, Nesil Cazimoglu and Jemal, an email which included the following words:

“ the Tories are absolutely playing silly games with these latest vexatious call-ins so we need someone who can give them a hard time and direct questions at them rather than at the Cabinet Member concerned..... so any of you would be perfect....”

In so doing Councillor Chibah displays a complete failure to understand the statutory and constitutional independent role of members of the Overview & Scrutiny Committee which is particularly alarming given she is the elected Vice Chair, and by this action she renders herself wholly unsuitable to be a member of the OSC. Council therefore resolves to terminate her appointment as a member of the OSC and instructs the majority party to nominate a successor.”

Following the moving and seconding of the motion, Motion 14.11 (a) (ii) - that the question now be put - was moved by Councillor Charalambous as the Councillor referred to in the motion was not present. This was seconded by Councillor Taylor. The procedural motion was put to the vote with the following result:

For: 32

Councillor Abdullahi
Councillor Anderson
Councillor Bakir
Councillor Barry
Councillor Brett
Councillor A Cazimoglu
Councillor N Cazimoglu
Councillor B Charalambous
Councillor Dogan
Councillor Doyle
Councillor During
Councillor Ekechi
Councillor Fonyonga
Councillor Achilleas Georgiou
Councillor Hamilton

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Councillor Hassan
Councillor Hurman
Councillor Jemal
Councillor Jiagge
Councillor Keazor
Councillor Kepez
Councillor Lemonides
Councillor Levy
Councillor Maguire
Councillor McGowan
Councillor Orhan
Councillor Oykenor
Councillor Pite
Councillor Savva
Councillor Sitkin
Councillor Taylor
Councillor Uzoanya

Against: 19

Councillor Celebi
Councillor Chamberlain
Councillor Delman
Councillor Dines
Councillor Fallart
Councillor Alessandro Georgiou
Councillor E Hayward
Councillor R Hayward
Councillor Hurer
Councillor Jukes
Councillor Laban
Councillor Lavender
Councillor Milne
Councillor Neville
Councillor AM Pearce
Councillor Rye
Councillor Smith
Councillor Steven
Councillor Vince

Abstentions: 0

The motion was then put to the vote with the following result:

For: 16

Councillor Celebi
Councillor Chamberlain
Councillor Delman
Councillor Dines

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Councillor Fallart
Councillor E Hayward
Councillor R Hayward
Councillor Hurer
Councillor Jukes
Councillor Lavender
Councillor Milne
Councillor Neville
Councillor Rye
Councillor Smith
Councillor Steven
Councillor Vince

Against: 31

Councillor Abdullahi
Councillor Anderson
Councillor Bakir
Councillor Barry
Councillor Brett
Councillor A Cazimoglu
Councillor N Cazimoglu
Councillor B Charalambous
Councillor Dogan
Councillor Doyle
Councillor During
Councillor Ekechi
Councillor Fonyonga
Councillor Achilleas Georgiou
Councillor Hassan
Councillor Hurman
Councillor Jemal
Councillor Jiagge
Councillor Keazor
Councillor Kepez
Councillor Lemonides
Councillor Levy
Councillor Maguire
Councillor McGowan
Councillor Orhan
Councillor Oykenner
Councillor Pite
Councillor Savva
Councillor Sitkin
Councillor Taylor
Councillor Uzoanya

Abstentions: 4

Councillor Alessandro Georgiou

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Councillor Laban
Councillor Levy
Councillor AM Pearce

Motion 12.6 In the name of Councillor Mary Maguire

Councillor Mary Maguire moved and Councillor Jemal seconded the following motion:

“This Council asserts that Councillors should uphold the principles of democracy and fair representation. It is, therefore, appalled that an entire political grouping of this Council should show such contempt for the democratic process through a planned walkout, en masse after 20 minutes, and mislead our residents present in the public gallery. The actions of the minority group on 21st September 2016 ensured they were absent for important debates.

Such actions produce a democratic deficit and show a scandalous disregard for the Council, its officers, the Mayor and residents of the London Borough of Enfield.

This Council calls on the Councillors concerned to apologise publicly to the Mayor, the officers and the residents of Enfield.

Furthermore, this Council agrees to refer this matter to the Monitoring Officer and the Councillor Conduct Committee.”

Following a short debate the motion was put to the vote and agreed with the following result:

For: 31

Councillor Abdullahi
Councillor Anderson
Councillor Bakir
Councillor Barry
Councillor Bond
Councillor Brett
Councillor A Cazimoglu
Councillor N Cazimoglu
Councillor Dogan
Councillor Doyle
Councillor During
Councillor Ekechi
Councillor Fonyonga
Councillor Achilleas Georgiou
Councillor Hassan
Councillor Hurman
Councillor Jemal
Councillor Jiagge

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Councillor Keazor
Councillor Kepez
Councillor Lemonides
Councillor Levy
Councillor Maguire
Councillor McGowan
Councillor Orhan
Councillor Oykenner
Councillor Pite
Councillor Savva
Councillor Sitkin
Councillor Taylor
Councillor Uzoanya

Against: 2

Councillor Lavender
Councillor AM Pearce

Abstentions: 1

Councillor Bambos Charalambous

The remaining members present did not vote.

The following councillors had declared non-pecuniary interests in this motion:
Councillors Celebi, Chamberlain, Delman, Dines, Fallart, Alessandro Georgiou, E Hayward, R Hayward, Hurer, Jukes, Laban, Lavender, Milne, Neville, AM Pearce, D Pearce, Rye, Smith, Steven and Vince.

DURATION OF THE TIME ALLOCATED FOR ITEMS 12 AND 13

The Mayor advised, at this stage of the meeting, that the time available for items 12 and 13 had now elapsed so Council Procedure Rule 9 would apply.

NOTED that in accordance with Council Procedure Rule 9 the remaining items of business in this section of the Council agenda were considered without debate.

The following motions listed on the agenda lapsed due to lack of time:

Motion 12.1 In the name of Councillor Terry Neville:

“The Council notes that on 22 September this year former Labour Councillor Nesimi Erbil was convicted at Highbury Corner Magistrates Court of an offence under section 4, Public Order Act 1986 and was given a six week custodial term, suspended for two years and ordered to pay fines and costs totalling £1080. The conviction is his third in a year following upon two convictions for fraud at Southwark Crown Court last September, and the

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Council believes that because of this he is entirely unsuitable to continue as a councillor and calls upon him to resign forthwith.”

Motion 12.2 In the name of Councillor George Savva:

“This Council would welcome a new stance by the Government to increase infrastructure spend (as widely reported) to boost the economy, in contrast to the austerity position of the last leader of the Conservative government.

This Council therefore resolves to:

1. Inform residents of the impact of the Government’s austerity measures upon their well-being.
2. Encourage the Government to increase funding of local authorities as the ideally positioned public bodies to best serve local people to increase their well-being and to develop the local infrastructure.
3. Ask the Leader of the Council to write to the Prime Minister bringing to her attention that there should be fair funding for Enfield Council and the added value that this Council can bring for the residents of Enfield.”

Motion 12.3 In the name of Councillor Joanne Laban:

“This Council agrees with the Prime Minister's conference speech in which she remarked that the Labour Party is now the 'nasty party' of British politics. This is even truer locally when you look at the Labour Council's persecution of a group which supports the poorest and most vulnerable in our borough.”

Motion 12.4 In the name of Councillor Anne Marie Pearce:

“This Council is concerned that with the rise in population in Enfield, ever increasing demands are being placed on our local health services. Successive governments have failed to recognise that 'fair funding' has not supported local health services to the necessary levels. In comparison with neighbouring boroughs in the North Central London Sector, Enfield is under-funded. For example, Camden, with a population of 260,000 gets an NHS grant of £372 million, while Enfield receives £10 million less with the higher population of 320,000.

The Council instructs the Cabinet Member for Health and Social Care together with the Shadow Cabinet Member to write jointly to the Secretary of State for Health requesting him to review the funding mechanism and allocate available monies in a more equal manner across London. The Council also calls upon Enfield’s three Members of Parliament to support the Council in seeking a revision of the formula.”

Motion 12.7 In the name of Councillor Dinah Barry:

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“This Council believes that the Bus Services Bill is yet another example of the Government’s hypocritical attitude to Local Authorities.

We were told that the Localism Act aimed to devolve more decision making powers from Central government back into the hands of individuals, communities and councils.

However, since it was passed, Central Government have overridden decisions made by Local authorities and reduced our powers. Local authorities can no longer open new schools - and soon we won’t even be able to run any; we are forced to sell off our housing stock and to allow development even when it may not be in the interest of our residents. And now Local authorities are to be effectively banned from setting up new bus companies.

Most of our buses are run by TfL but a significant number of our residents need to travel to and from Hertfordshire, especially Waltham Cross, by bus.

We therefore ask the Leader to write to Lord Ahmad and to call on the Department for Transport to omit Clause 21 from the final legislation of the Bus Services Bill; to write to our local MPs: David Burrowes, Kate Osamor and Joan Ryan to ask them to oppose clause 21 when the Bus Services Bill reaches the House of Commons and ask them to write to Lord Ahmad and the Department of Transport to raise concerns about Clause 21.”

Motion 12.8 In the name of Councillor Alessandro Georgiou:

“The people of the United Kingdom have voted to leave the European Union. Therefore the Council resolves that the flag of the EU should be removed from the flag pole on the civic centre premises and replaced with the Union Flag of the United Kingdom’s of Great Britain and Northern Ireland.”

Motion 12.9 In the name of Councillor Alessandro Georgiou:

“This Council resolves that the National Anthem of the United Kingdom of Great Britain and Northern Ireland should have time reserved to be sung during the beginning of each Full Council Meeting.”

16

COUNCILLOR QUESTION TIME

1.1 Urgent Questions

The Mayor agreed to accept the following as an urgent question to Council:

Question from Councillor Neville to Councillor Taylor (Leader of the Council):

“Does Councillor Taylor believe it is acceptable for Councillor Chibah, as Vice Chair of the Overview and Scrutiny Committee, the membership of which attracts an additional Special Responsibility Allowance of £8,600, to manage

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attendance of only 37.5% of all meetings of that committee since May 2016, and what steps does he propose to take to ensure that council tax payers get value for their money from her membership of the Overview and Scrutiny Committee?”

A written response would be provided by the Leader after the meeting.

1.2 Questions by Councillors

NOTED

1. The forty questions on the Council agenda and written responses provided by the relevant Cabinet members.

17

REVIEW OF PROPORTIONALITY ARRANGEMENTS AND COMMITTEE MEMBERSHIPS

1.1 Review of Council Proportionality Arrangements, following a change in political balance on the Council

AGREED to note the change in the political balance and proportionality on the Council and the proposed changes in committee membership set out below.

1.2 Changes to Committee Memberships

AGREED to confirm the following changes to committee memberships:

- **Edmonton Partnership Working Party** – The appointment of Councillor Savva.
- **Licensing Sub Committee** – The appointment of Councillor Bambos Charalambous and the removal of one of the Labour vacancies in accordance with the Proportionality Review.
- **Staff Appeals Panel** – The removal of one of the Labour vacancies in accordance with the Proportionality Review.

18

NOMINATIONS TO OUTSIDE BODIES

AGREED to confirm the following changes to the nominations to outside bodies:

- **London Housing Consortium** – Councillor Ahmet Oykener to be appointed as agreed at Cabinet on 15 June 2016 and also Councillor Jansev Jemal.
- **Enfield Independence and Wellbeing Limited** - Councillor Alev Cazimoglu (Cabinet Member for Health and Social Care) and Lorraine

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Davis (Assistant Director Adult Health and Social Care) to be appointed to the Executive Board.

- **Edmonton United Charities** – Councillors Erin Celebi, Suna Hurman and Andrew Stafford to remain members and Councillors Ali Bakir and Jim Steven to be removed, due to changes to the Edmonton United Charities Terms of Reference.

**19
CALLED IN DECISIONS**

None received.

**20
DATE OF FUTURE MEETINGS**

The date of the next Council meeting will be held on Wednesday 25 January 2016.

**21
EXCLUSION OF PRESS AND PUBLIC**

AGREED in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and public from the meeting for consideration of Item 1 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).

**22
REFURBISHMENT AND RE-PROVISION OF ENFIELD HIGHWAY
LIBRARY BUILDING**

This report was withdrawn.

**23
HOUSING GATEWAY LIMITED - INCREASED BUDGET ENVELOPE**

Councillor Lemonides moved and Councillor Oykenner seconded the part 2 report of the Director of Finance, Resources and Customer Services on the Housing Gateway Limited Budget Envelope. (Report No: 141)

NOTED

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1. This report was considered in conjunction with the part 1 report number 140. (See also Minute)
2. Most of the issues had already been addressed during the earlier discussion on the part 1 report.
3. The Council was also planning to build 10,000 new homes and to create new sustainable communities.
4. The financial model was currently being reviewed to see if more savings could be made. Research on ways to extract capital value, without making people homeless, was taking place but the Council needs to be aware of the human misery which was continuing. There were currently over 1,700 people in overnight temporary accommodation.
5. The concerns of the Opposition in relation to the rise in the amount of borrowing, the cost of this borrowing and the possibility that interest rates would rise which could have a large impact on the borough and might result in further cuts to services or increases in Council tax.
6. The majority party response that the Council had not exceeded its safe borrowing limits and that if there were problems with the scheme, the Council would always be able to sell the properties, assets which were increasing in value all the time.

The recommendations in the report were put to the vote and agreed with the following result:

For: 31

Councillor Abdullahi
Councillor Anderson
Councillor Bakir
Councillor Barry
Councillor Brett
Councillor A Cazimoglu
Councillor N Cazimoglu
Councillor B Charalambous
Councillor Dogan
Councillor Doyle
Councillor During
Councillor Ekechi
Councillor Fonyonga
Councillor Achilleas Georgiou
Councillor Hassan
Councillor Hurman
Councillor Jemal
Councillor Jiagge
Councillor Keazor

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Councillor Kepez
Councillor Lemonides
Councillor Levy
Councillor Maguire
Councillor McGowan
Councillor Orhan
Councillor Oykener
Councillor Pite
Councillor Savva
Councillor Sitkin
Councillor Taylor
Councillor Uzoanya

Against: 19

Councillor Celebi
Councillor Chamberlain
Councillor Delman
Councillor Dines
Councillor Fallart
Councillor Alessandro Georgiou
Councillor E Hayward
Councillor R Hayward
Councillor Hurer
Councillor Jukes
Councillor Laban
Councillor Lavender
Councillor Milne
Councillor Neville
Councillor AM Pearce
Councillor Rye
Councillor Smith
Councillor Steven
Councillor Vince

Abstentions: 0

AGREED

1. To approve new borrowing by the Council in 2016-17 of up to £21.44m and to on lend this to Housing Gateway Limited (HGL) in accordance with the facility letter to allow the purchase of additional units. This will require an addition to the existing capital programme fully funded by repayments from HGL.
2. To note that the Leader had agreed under the Cabinet Urgent Action procedure to recommend that Council agree the additional loan of £21.44 to HGL, funded by new borrowing.

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3. To note that savings were expected to be achieved from the reduction nightly paid accommodation. These would help to contain the forecast cost pressure in temporary accommodation budgets.

Opposition Priority Business – Council Meeting Wednesday 25 January 2017

The poor control of the council's finances and service delivery

- 1.1 It is not my intention to produce a particularly long paper on this topic because the subject matter very much speaks for itself and certainly the Cabinet has received regular Revenue Monitoring Reports throughout the year about the Council's Revenue Account, and likewise it's Capital.
- 1.2 The Cabinet meeting in December 2016 received the latest Revenue Monitoring Report which was as at October 2016 and that revealed that although there had been some improvement in the forecast overspend as at September, which was at £7.2 million, the October forecast was nonetheless still £7.2 million, which is a pretty staggering 3.7% of the Revenue Budget, though this was a modest improvement on the July figure of £7.9million.
- 1.3 The Monitoring Report in December discloses that the bulk of the over spend arises in three main departments.
 - Finance, Resources & Customer Services - £1.194 million
 - Health, Housing & Adult Social Care - £3.906 million
 - Education & Children's Services – £2.563 million

The report does give details of where within those departments the over spends mainly arise.
- 1.4 The minutes of the December Cabinet show that, just as the September Cabinet did in respect of the first Monitoring Report giving the July forecast, the Cabinet simply 'noted for information'. We say that is simply not good enough. The Cabinet is the executive body of the council responsible for the council's finances and has a responsibility to give clear political leadership as to how budgets are to be contained.
- 1.5 The overspend was first flagged up for Cabinet in September as indicated when it showed that as of July just a few months into the new financial year, they were projecting a £7.9 million overspend. On any analysis that was a very big warning sign and should have been seen by the Cabinet as a major red flag to which it should have responded with clear political direction. No such direction is recorded as having been given, just as at the most recent Cabinet meeting, at which I was present, the discussion was very brief and simply records a noting for information.
- 1.6 The Cabinet's collective responsibility is clear. It is also the responsibility of the Council as a whole and therefore in particular the Labour majority group. It is simply no use crying over the fact that Government funding is said to be inadequate. We on this side have supported the "Fairer Funding Campaign" because that focusses in particular on the iniquitous "Damping" arrangements

that apply to Enfield and a number of other London boroughs, and affect them adversely. Our position remains the same in respect of “Damping” and we will continue to be part of the cross party campaign for “Damping” to be reviewed. Insofar however as Government funding generally has been reduced and does not therefore in the view of the majority party cover as much as it should, it is frankly pointless seeking to make that point as an excuse for not managing the budget. The bottom line in all of this is that the Council has to produce legally a balanced budget and to the extent that the ability of the Council to raise extra funding through local taxation is legally constrained in the interests of the national economy, the council has a duty to manage its budget strictly and ensure that all expenditure is cost effective.

- 1.7 Much of this has its origins in the lack of action and financial planning in the first term of the Labour administration – 2010 to 2014. We on this side were consistently warning the Council of the need to take appropriate action to avoid the problems which have now beset them and had this happened, whilst one cannot say there would have been no overspend – it clearly would have been less serious than the one that we now have.
- 1.8 Another particular remedy that seems to be regularly used is so called “re-profiling” of some of the revenue spend so that it is effectively capitalised. Convenient it maybe, but is no long term solution. The real solution is to ensure that spending is brought under control in those areas where it can be so that the demand led services which we accept are more difficult to control can be more properly serviced.
- 1.9 In terms of the origins of the present problems, it is instructive to look at the report of the Head of Internal Audit and Risk Management to the Audit Committee last July. That report identified a number of issues almost across the whole of the council’s services where to say the least, she was unable to give a “clean bill of health”, and this was particularly in areas where the financial implications of failings were potentially and actually significant. Thus when Labour Members say it is all a matter of inadequate funding our answer to that is that it is about how funding is managed rather than just simply volume – put another way quality rather than quantity!
- 1.10 As an example of this point, one of the areas which are currently identified as an area of overspend, namely Property Services, (which sits within the Finance, Resources & Customer Services Department) figures prominently in that audit report. The Revenue Monitoring Report, Appendix 3 showed that one of the reasons for the £665,000 ‘overspend’ in that department was that there had been a shortfall of income in various of the council’s lettings, and an overspend in running costs of admin buildings. Mitigating actions being taken include apparently reviewing income shortfalls, and making proposals for additional income to be included in the 2017/18 budget. When one looks at the Internal Auditor’s Report however, the Head of Internal Audit found that there was “no corporate asset management strategy in place to provide overarching objectives and strategic direction for the management of the property portfolio, and to inform decision making”. “There was no performance management framework in place to support the achievement of business

objectives” and thirdly it was not clear whether income targets set by the portfolio were informed by strategic objectives. Can we be surprised therefore at the result we now see?

- 1.11 Although this has since been addressed, the auditor also found that two of the contractors to the Property Services Department had been providing property management services without a valid contractual relationship in place. Performance management had not occurred consistently across the council’s three property management service providers. Then in respect of lease renewals and rent reviews (an integral part of a commercial property portfolio) evidence of renewals and rent reviews was inconsistent and did not fully demonstrate in all cases that returns were being achieved. There was also a lack of documented evidence to identify why similar properties commanded differing rents. Those findings were reported to Audit Committee in July last year they had obviously been known to the management and I assume therefore the relevant Cabinet Member some considerable time before they came to the Audit Committee and one wonders what action was taken by the Cabinet Member to ensure that these matters were addressed, because all of them contribute to what is now a shortfall in rents and other problems associated with this forecast overspend, and we are now being told that action will be taken for 2017/18!
- 1.12 There are a number of other instances identified in the report where what was found and identified is in many cases an indictment of poor management and poor political leadership, and that I’m afraid is one of the reasons why the council has a financial problem today.
- 1.13 Lastly I turn to the Capital Programme. We now see that borrowing is currently at £509 million in total (reported to Audit Committee on 12 January 2017 as part of the Treasury Management Briefing), and yet we are constantly adding to that borrowing in an unplanned way. No one on this side will object to capital expenditure for necessary projects, but there is every reason to object to a Capital Programme which is being extended in an unplanned way, as often as not to deal with speculative projects, or items which could and should have been foreseen so that they could be put into the plan at the budget meeting.
- 1.14 We have maintained our opposition to the Housing Gateway Project, and will continue to do so, as an example of where millions of pounds are being spent without adding one single unit to the borough’s housing stock. The justification offered by the administration is that these are assets which in due time can be sold. That unfortunately overlooks the reality that the circumstances of the bulk of people going into this type of accommodation unfortunately rarely change and so they stay with the council for life with result that these houses do not become vacant and thus cannot easily be sold. To that extent the administration’s justification is nothing more than a figment of the imagination, while the harsh reality is as I say, that £millions are being spent without creating one additional housing unit.. That cannot possibly be considered as prudent, and one has to ask why some of that money has not been spent on some new build? Perhaps the answers lie in the fact that new

builds under this Administration, even where the land was already in the council's ownership can and have taken up to 7 years to produce! Hardly the record of a council that is serious about tackling the housing problem, and certainly not good financial husbandry!

2. Recommendations

- 2.1 That without further delay the Cabinet, prepares and presents at the Council meeting on 28 February 2017, being the Council Tax setting meeting, a separate report with clear proposals for the management of the projected overspend for what is left of this financial year, and for preventing a similar occurrence in the ensuing financial year.
- 2.2 That Individual Cabinet Members, particularly in those areas where overspends are occurring, monitor their departmental spending on at least a monthly basis, giving direction as to taking avoiding action.
- 2.3 That the Capital Programme should, going forward be much more carefully planned, and that requires both Directors and Cabinet Members to ensure that they have effectively a business plan in place and that they stick to it except in the most exceptional and urgent circumstances, and until such time as improved and more careful planning is put into place there will be no further increase in the council's overall borrowing".

Councillor Terry Neville OBE JP
Leader of the Conservative Group
January 2017

15. OPPOSITION BUSINESS

- 15.1 The Council will, at four meetings a year, give time on its agenda to issues raised by the Official Opposition Party (second largest party). This will be at the first normal business meeting (in May /June), and then the third (September), fifth (January) and seventh (March) meetings (unless otherwise agreed between the political parties). A minimum of 45 minutes will be set aside at each of the four meetings.
- 15.2 All Council meetings will also provide opportunities for all parties and individual councillors to raise issues either through Question Time, motions or through policy and other debates.
- 15.3 The procedure for the submission and processing of such business is as follows:
- (a) The second largest party shall submit to the Monitoring Officer a topic for discussion no later than 21 calendar days prior to the Council meeting. This is to enable the topic to be fed into the Council agenda planning process and included in the public notice placed in the local press, Council publications, plus other outlets such as the Council's web site.
 - (b) The Monitoring Officer will notify the Mayor, Leader of the Council, the Chief Executive and the relevant Corporate Management Board member(s) of the selected topic(s).
 - (c) Opposition business must relate to the business of the Council, or be in the interests of the local community generally.
 - (d) If requested, briefings on the specific topic(s) identified will be available to the second largest party from the relevant Corporate Management Board member(s) before the Council meeting.
 - (e) No later than 9 calendar days (deadline time 9.00 am) prior to the meeting, the second largest party must provide the Monitoring Officer with an issues paper for inclusion within the Council agenda. This paper should set out the purpose of the business and any recommendations for consideration by Council. The order in which the business will be placed on the agenda will be in accordance with Council Procedure Rule 2.2 relating to the order of business at Council meetings.
 - (f) That Party Leaders meet before each Council meeting at which Opposition Business was to be discussed, to agree how that debate will be managed at the Council meeting.
 - (g) The discussion will be subject to the usual rules of debate for Council meetings, except as set out below. The Opposition Business will be conducted as follows:

- (i) The debate will be opened by the Leader of the Opposition (or nominated representative) who may speak for no more than 10 minutes.
- (ii) A nominated councillor of the Majority Group will be given the opportunity to respond, again taking no more than 10 minutes.
- (iii) The Mayor will then open the discussion to the remainder of the Council. Each councillor may speak for no more than 5 minutes but, with the agreement of the Mayor, may do so more than once in the debate.
- (iv) At the discretion of the Mayor the debate may take different forms including presentations by councillors, officers or speakers at the invitation of the second largest party.
- (v) Where officers are required to make a presentation this shall be confined to background, factual or professional information. All such requests for officer involvement should be made through the Chief Executive or the relevant Director.
- (vi) The issue paper should contain details of any specific actions or recommendations being put forward for consideration as an outcome of the debate on Opposition Business.
- (vii) Amendments to the recommendations within the Opposition Business paper may be proposed by the Opposition Group. They must be seconded. The Opposition will state whether the amendment(s) is/are to replace the recommendations within the paper or be an addition to them.
- (viii) Before the Majority party concludes the debate, the Leader of the Opposition will be allowed no more than 5 minutes to sum up the discussion.
- (ix) The Majority Group will then be given the opportunity to say if, and how, the matter will be progressed.
- (x) If requested by the Leader of the Opposition or a nominated representative, a vote will be taken on whether to approve the Majority Group's response.

MUNICIPAL YEAR 2016/2017 REPORT NO. **190**

MEETING TITLE AND DATE:

COUNCIL, 25th January 2017

REPORT OF:

Director of Finance, Resources and Customer Services

Contact Officer: Geoff Waterton

Geoff.Waterton@enfield.gov.uk

Agenda – Part: 1	Item: 8
Subject: Council Tax Support Scheme for 2017/18 and the Council and Business Rate Tax Bases 2017/18	
Wards: All	
Cabinet Member consulted: Cllr Dino Lemonides	

1. EXECUTIVE SUMMARY

- 1.1 In January 2013 Council agreed a new local Council Tax Support Scheme to replace the previous national Council Tax Benefit Scheme which was to be abolished by the Government in April 2013.
- 1.2 Every year the Council is obliged to consider whether to revise or replace its local Council Tax Support Scheme.
- 1.3 This report recommends the Council Tax Support Scheme for 2017/18 to increase the minimum contribution for working age households not in a protected group to 26.5%. This reflects the wider funding reductions facing the authority and maintains the principle of the scheme being self-funded. Apart from the national uprating of social security benefit rates there are no other changes to the scheme.
- 1.4 A hard copy of the revised Council Tax Support Scheme which the Council is required to produce under section 13A(1)(a) and Schedule 1A of the Local Government Finance Act 1992 is available in the members library and will be available on line once the scheme is agreed. The Council must adopt the same or new scheme by 31 January of the preceding financial year to which the scheme will apply. The report also recommends the 2017/18 Council Tax and Business Rate bases (Appendix D and E).

2. RECOMMENDATIONS

- 2.1 That Council agrees the Local Council Tax Support Scheme for 2017/18 to provide financial support for households on low incomes in paying their Council Tax taking into account the consultation responses (Appendix C) and the Equality Impact Assessment (Appendix B).
- 2.2 For the 2017/18 scheme, the minimum contribution for working age households not in a protected group will increase from 25% to 26.5% to ensure the scheme retains the principle of a fully-funded scheme.

There are also statutory regulation amendments and national uprating of social security benefit rates that have been incorporated into the scheme as set out in Section 6 below.

- 2.3 Pursuant to this report (see Appendix D for full detail) and in accordance with the Local Authorities (Calculation of the Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Enfield as its Council Tax Base for 2017/18 shall be 95,043 Band D equivalents.
- 2.4 Agree the Department for Communities and Local Government NNDR1 Business Rate base return for 2017/18 (Appendix E). **(To follow)**
- 2.5 Agree the amendment to the discretionary rate relief scheme as set out at 2.2 of Appendix E

3. BACKGROUND

- 3.1 In 2012 the Government announced that as part of a series of welfare reforms, the national Council Tax Benefit scheme was to be abolished and replaced with local schemes. At the time, funding for the replacement local schemes was reduced by 10% and Enfield faced a £5m shortfall in funding if it continued to follow the previous national policy.
- 3.2 Enfield consulted widely on a proposed local scheme and in January 2013 approved a scheme which saw pensioners and war widows protected from any change, and working age claimants seeing a 19.5% reduction in support. The Scheme was based on the principle of a fully-funded scheme so that minimum contributions are set at a level to cover the costs of the scheme only and council tax payers are not asked to contribute to the costs. At the same time, Council agreed changes to exemptions and discounts to Council Tax which saw the discount for empty and refurbished homes reduced to one month, no discount given for second homes and the introduction of a new empty homes premium of 150% of Council Tax for homes left empty for more than two years (the maximum allowed).
- 3.3 Every year the Council is obliged to consider whether to revise or replace its local Council Tax Support Scheme. As a result of the consultation and Equalities Impact Assessment for the 2014/15 scheme, the Council increased the range of protected groups further to include foster carers registered with the Council, people in receipt of Carers Allowance and people in receipt of higher rate disability benefits (Higher Rate Disability Living Allowance, Higher Rate Personal Independence Payments and the support component of Employment Support Allowance).
- 3.4 Over this period the Council's funding has been significantly reduced and this is expected to continue. In 2015/16 the Council protected the scheme and the recipients from these funding reductions and provided a subsidy. However, in

the light of continued funding reductions, it is now recommending that the amount of subsidy provided to support low income working age households in paying their council tax is reduced in line with the Council's wider funding reductions.

- 3.5 The Council has to agree a Local Council Tax Support Scheme each year. Next year's scheme has to be agreed by 31 January 2017 or the Government's default scheme will be applied which is likely to cost the Council over £9m per year.

4. REVIEW OF THE OPERATION OF THE COUNCIL TAX SUPPORT SCHEME TO DATE

- 4.1 Collection of Council Tax has been monitored closely and additional support provided. The Council has always recognised that by providing a range of payment options, as well as advice to customers, overall collection rates improve. Claimants of Council Tax were given the opportunity to pay in weekly instalments and pay kiosks were introduced in Edmonton, Palmers Green and Enfield Civic Centre. Wherever possible the Council is seeking to agree payment arrangement plans or attachments to earnings/benefits.
- 4.2 The projected Council Tax base income levels for Council Tax Support cases were exceeded in the first year of the scheme. The Council achieved the overall Council Tax collection rate of 97.33% for 2015/16, an increase of 0.46%. This was based on overall collection rates of 85% and 98% for Council Tax Support and non-Council Tax Support payers respectively.
- 4.3 In recognition of the difficulties faced by local households, the Council introduced and has maintained a discretionary Council Tax Hardship Scheme. Households facing exceptional financial hardship can apply to the scheme and receive help with their Council Tax. Payment from the Council Tax Hardship Scheme this year will exceed £100,000 and is called upon over time not simply within the current financial year of the scheme.
- 4.4 A key principle of the scheme agreed by Council was that it is a "fully funded scheme" by Government grant where council taxpayers are not asked to pay more to meet the Government's funding shortfall. Similarly the minimum contribution is set at a level to cover the costs of the scheme only and not to provide additional income. On the basis of the Council Taxbase it was calculated that working age benefit recipients would need to pay an additional 19.5% to fully fund the shortfall. The government has since incorporated the funding for council tax support into general government funding which has been subject to significant reductions.
- 4.5 Between 2014/15 and 2016/17 the Council's core funding (excluding schools grant and public health) reduced by 20% and between 2015/16 and 2016/17 the funding has reduced by a further 7.5%.
- 4.6 If the Council had not provided a subsidy in 2014/15 and 2015/16 and increased the contribution rate in line with Government funding reductions, the

minimum contribution rate would have been 39.5% for 2016/17. With the wider funding cuts affecting every service, the Council can no longer afford to subsidise the scheme to the extent that it has. As a result, the Council proposed the subsidy paid to working age households that are not in a protected group is reduced and consulted on a range of options. Pensioners and protected groups would continue to be exempt from these changes.

5. CONSULTATION ON THE 2017/18 PROPOSED SCHEME

- 5.1 The Council consulted on the proposed Local Council Tax Support Scheme for 2016/17 and for budget purposes proposed the agreement of a two year scheme up to the 31st March 2018. The Council recommended a two year scheme on the 28th January 2016 and has since consulted on the 2017-18 budget and council tax support scheme for 2017/18 as required by the relevant legislation. This closed on the 5th and 11th January 2017 respectively.
- 5.2 The consultation asked people a series of questions summarised below and is set out in more detail in Appendix C. In summary:
- 75% believe that working age households who have the ability to work should have to pay something towards their Council Tax each year irrespective of earnings.
 - 71% agree that the Council should increase the minimum contribution to 26.5% to avoid further council tax increases or service reductions other than already planned.
- 5.3 The Greater London Authority responded to the Council's pre consultation notification on the 29th November 2016 and noted the Council's intention to consult on reducing the maximum amount of council tax support available to claimants from 75% to 73.5% with effect from 1st April 2017 and confirmed that the GLA had no specific comments on the council's proposals at that stage.
- 5.4 A full response was provided on the 10th January which encouraged the Council to ensure that:
- Pensioners see no change in their current level of awards whether they are existing or new claimants
 - They consider extending support or protection to other vulnerable groups
 - Local schemes should support work incentives and in particular avoid disincentives to move into work
 - Consider uprating allowances and applicable amounts
- 5.5 Enfield's council tax support scheme includes protection for pensioners and vulnerable groups and maintains a tapered reduction for claimants whose income increase. Allowances and applicable amounts are uprated each year as part of the local scheme agreed previously.

6. PROPOSED AMENDMENTS TO THE SCHEME FOR 2017/18

- 6.1 Protected groups remain the same as the 2016/17 scheme.
- 6.2 The minimum contribution for working age households not in a protected group increases from 25% to 26.5% for 2017/18.
- 6.3 Premium and personal allowances shown in the council tax support scheme have been updated in accordance with the social security/housing benefit rates that will apply from April 2017.
- 6.7 The *Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016* have been incorporated in the 2017/18 local council tax support scheme as shown at Appendix 1.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 The Council has considered a range of alternatives to increasing the contribution rate. These are set out below:
- 7.2. Funding the shortfall by delivering savings in other services. The scale of funding reductions facing the Council means that all services are already required to deliver £18.1m in savings for 2016/17 on top of the £56m they have had to find in the last 3 years. The total cost of the Council Tax Support Scheme at £21m is equivalent to the annual cost of providing:
 - Help to residents with learning difficulties (£22m)
 - Safeguarding and looking after children (£26m)
 - Protecting the local environment (waste and parks) (£18m)

If these services were required to find another £4m in savings, this would lead to significant reductions in service provision in these areas.

- 7.3. Funding the shortfall by increasing Council Tax. In the Council's medium term financial plan agreed in February 2015, the Council has already assumed a 1% increase in Council Tax to protect services from further reductions. If the Council increases Council Tax by more than 1.99%, it must hold a referendum. Therefore any further increase in council tax up to 1.99% would generate less than 25% of the cost of protecting the Council Tax Support Scheme. The Government has announced that local authorities that provide adult social care can also raise a precept on council tax to fund additional costs of supporting adult social care customers. However this precept is for adult social care, rather than the Council Tax Support Scheme.
- 7.4. Funding the shortfall from reserves. The Council's reserves can only be used once and are earmarked either for specific risks or projects to make council services more efficient and reduce costs. Reallocating reserves to provide some protection for the Council Tax Support Scheme could lead to:
 - Obsolete systems not being replaced and no longer being able to meet customer demands

- New systems and equipment not being purchased aimed to improving efficiency and reducing our staffing costs
- The Council having to cut services further and at short notice to meet the cost of sudden increases in high risk services, such as safeguarding children and helping the elderly in winter

This would not address the long-term financial situation facing the authority as reserves provide only a temporary respite.

8. REASONS FOR RECOMMENDATIONS

- 8.1 The recommendations contained in this report follow an assessment of options, experience of operating the scheme to date, the Equality Impact Assessment and the consultation. The recommended changes introduced in 2014 for defined protected groups under the Equality Impact Assessment and support the Council's aims to build strong, stable communities and are recommended to be continued next year.

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

9.1 Financial implications

The agreed Council and Business Rate Tax Bases will be built into the 2017/18 budget and Council Tax to be recommended to Council on 28th February 2017. The council estimates that for every 1% increase in the contribution from residents on discount schemes, the council could raise £243k in total, £196k for LBE

9.2 Legal implications

- 9.2.1 Each year, after a Council Tax Reduction Scheme has been implemented, the Council must consider whether to revise or replace its scheme. Any revision or replacement to the scheme must be made by 31st January, preceding the financial year to which the revision or replacement is to have effect. The Secretary of State prescribed a default scheme which took effect from April 2013 where a billing authority failed to make a scheme on or before 31 January. This default scheme retains the criteria and allowances previously in place for CTB (Council Tax Benefit). Authorities had an incentive to avoid the imposition of a default scheme as "this will limit their ability to adjust awards to manage the funding reduction. In subsequent years, if an authority fails to adopt a new scheme, the scheme in the preceding year will remain in force," according to the DCLG document: Localising support for council tax in England: Government's response to the outcome of consultation. If a reduction is reduced or removed the billing authority must make such transitional provision as it thinks fit.
- 9.2.2 The consultation document sets out that the council may decide to change the scheme on the basis of the consultation, and that figures could change as a result of government spending policy, future announcements on government

funding and changes in the Council's tax base (properties eligible to pay council tax).

In certain circumstances, it may be reasonable and fair to re-consult where there is a fundamental change to the issue, once the consultation is underway or has closed.

9.3 Property Implications

None

9.4 Key Risks

- 9.4.1 The key risks relate to operational, financial and reputational concerns. There is an operational risk of failure to collect the estimated amount, e.g. if any category of exemption has not been specified and following implementation of the scheme the Council is unwilling to pursue recovery action in particular cases of default. The operational risks are mitigated by assisting payers with supportive payment arrangements and by applying fairly, consistently and promptly the recovery process.
- 9.4.2 The financial risk is of insufficient collection rates and of caseload rises being beyond those anticipated in calculating the Local Scheme costs and deductions required from support. In the initial year of the scheme there was a risk that collection rates may be over or under stated. The Council has adjusted anticipated ultimate collection rates in the scheme for 2017/18 based on experience to date and the impact of increase in contribution rates. Variation between the estimated and actual collection rates and caseload levels will result in either a deficit (or surplus) on the Collection Fund in future years. The current Medium Term Financial Plan assumes no variation to current assumptions.
- 9.4.3 The reputational risk is of failure to make proper provision for people on low income losing some of the current level of support. The reason for this scheme arises from a Government decision to replace the existing national scheme with local schemes with reduced grant funding and clearly considerable help will need to be available to payers facing increased Council Tax bills as a result of the change in scheme. Conversely, failure to properly pursue payment of Council Tax due in such cases would create inequality of treatment with other Council Taxpayers many of which will have income levels only marginally above the limit for obtaining Council Tax Support.

10. IMPACT ON COUNCIL PRIORITIES

10.1 Fairness for All

The draft Local Scheme retains protection for pensioners, war widows, carers and those with severe disabilities. The draft scheme attempts to strike a fair balance between the interest of Council Tax Benefit recipients and those taxpayers who do not receive help with their Council Tax payments. The

Council Tax Hardship Scheme provides support for those households facing exceptional financial hardship.

10.2 Growth and Sustainability

One of the drivers for the Welfare Reform programme of the Government is increasing employment and the overall level of demand for Council Tax support will depend to a considerable extent on the ability of local unemployed residents to find paid work and for those in employment to find better paid work.

The draft Local Scheme is funded by passing on the cost of reductions in full in the level of support offered to Council taxpayers. Reductions in disposable income may have an adverse impact in the local economy.

10.3 Strong Communities

The consultation exercise has shown that, as a principle, there is strong support for some payment to be made by all Council Taxpayers whether or not receiving Council Tax Support. However, combined with other welfare reform measures, there is the potential for an increase in the number of families and individuals in the borough living in poverty.

11. EQUALITIES IMPACT

The Equalities Impact Assessment for the amended scheme is attached as Appendix B. The recommendations contained in this report retain financial support for protected groups.

12. PERFORMANCE MANAGEMENT IMPLICATIONS

None.

13. PUBLIC HEALTH IMPLICATIONS

This change affects those already struggling due to the wider Government welfare changes. The implications will depend upon the success of residents gaining employment or, for those in low paid employment, obtaining better paid employment. Supporting people facing hardship and stress will be key to promoting the ability of families to provide healthy food, to pay bills and to promote sound mental health.

APPENDICES

- Appendix A – Technical Changes to the Council Tax Support Scheme
- Appendix B – Equalities Impact Assessment
- Appendix C – Consultation results
- Appendix D – Council tax base
- Appendix E – Business rate base

Appendix B

Enfield Council Predictive Equality Impact Assessment/Analysis

Department:	FRCS	Service:	Assessment Hub
Title of decision:	Council Tax Support Scheme 2016/17 and 2017/18	Date completed:	7 January 2016
Author:	Geoff Waterton	Contact details:	Geoff.waterton@enfield.gov.uk

1 Type of change being proposed: (please tick)

Service delivery change/ new service/cut in service		Policy change or new policy	x	Grants and commissioning		Budget change	
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2 Describe the change, why it is needed, what is the objective of the change and what is the possible impact of the change:

The Council is obliged to set a local Council Tax Reduction Scheme every year following the abolition of the national Council Tax Benefit system in 2013. The Council introduced a local Council Tax Support Scheme to provide financial assistance for low income households in paying their Council Tax. Since 2013, the Council has reviewed the scheme every year and is now deciding on the scheme for 2016/17 and 2017/18.

Following previous Equality Impact Assessments and consultations, the Council introduced a range of protected groups in the scheme that remain entitled to a maximum award of 100%. These are: pensioners, war widows, foster carers registered with the Council, people in receipt of Carers Allowance and people in receipt of higher rate disability benefits (Higher Rate Disability Living Allowance, Higher Rate Personal Independence Payments and the support component of Employment Support Allowance). All other working age households are expected to pay a minimum contribution towards Council Tax. A discretionary Hardship Scheme was introduced to provide support to those households that get into severe financial hardship.

The scheme proposed for 2016/17 and 2017/18 would see the range of protected groups remaining the same, the savings threshold for entitlement reduced from £16,000 to £6,000 in line with other national benefit schemes and the minimum contribution for working age households not in a protected group increased from 19.5% to 25% in 2016/17. For 2017/18, the minimum contribution would increase in line with any % reduction in wider council funding grants (excluding schools and public health).

The reason for increasing the contribution rate is due to wider council funding grant reductions. When the Council Tax Support Scheme was created it was to be a fully-funded scheme whereby council tax payers were not asked to pay more to fund the scheme. Since then the Council has faced significant funding reductions and is now subsidising the cost of the scheme. With further funding reductions, the Council cannot continue to subsidise the costs of the scheme without delivering savings in other service areas. The consultation asked

Council Tax payers and Council Tax Support recipients their thoughts on a range of options from continuing to protect the scheme as it currently stands, through to increasing the minimum contribution rate to over 39% to reflect two years' worth of funding reductions.

The increase to 26.5% over the two years reflects one year's funding reductions and meets the Council's financial budgeting requirements whilst mitigating the impact of the change for Council Tax Support recipients. This would add approximately £1.48 to the minimum weekly costs for a Band D property based on current Council Tax levels in 2016/17. In recognition of the potential impact for some households, the Council is adding £500,000 to the Council Tax Hardship Scheme.

3 Do you carry out equalities monitoring of your service? If No please state why?

Yes although religious belief, sexual orientation and gender reassignment are not captured as they are not relevant to the assessment or eligibility criteria of the scheme

4. Equalities Impact

Indicate Yes, No or Not Known for each group

	Disability	Gender	Age	Race	Religion & Belief	Sexual Orientation	Gender reassignment	Pregnancy & Maternity	Marriage & Civil Partnerships
1. Does equalities monitoring of your service show people from the following groups benefit from your service? (recipients of the service, policy or budget, and the proposed change)	Y	Y	Y	Y	n/a	n/a	Na/	Y	Y
2. Does the service or policy contribute to eliminating discrimination, promote equality of opportunity, and foster good relations between different groups in the community?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Could the proposal discriminate, directly or indirectly these groups?	N	N	N	N	N	N	N	N	N
4. Could this proposal affect access to your service by different groups in the community?	N	N	N	N	N	N	N	N	N

5. Could this proposal affect access <u>to information</u> about your service by different groups in the community?	N	N	N	N	N	N	N	N	N
6. Could the proposal have an adverse impact on relations between different groups?	N	N	N	N	N	N	N	N	N

If Yes answered to questions 3-6 above – please describe the impact of the change (including any positive impact on equalities) and what the service will be doing to reduce the negative impact it will have.

The Scheme has been designed to be fair to all whilst ensuring that those facing the greatest risk are prioritised. The proposed scheme includes protection for older people, carers, disabled working adults and foster carers who do not have the same opportunities as other working age households to gain employment and increase their income. Income uprating maintains the level of support in real terms. The discretionary Hardship Scheme will ensure those households facing genuine financial hardship can access support.

5. Tackling Socio-economic inequality Indicate Yes, No or Not Known for each group	Communities living in deprived wards/areas	People not in employment, education or training	People with low academic qualifications	People living in social housing	Lone parents	People on low incomes	People in poor health	Any other socio-economic factor Please state;
Will the proposal specifically impact on communities disadvantaged through the following socio-economic factors?	N	Y	N	N	N	Y	N	N
Does the service or policy contribute to eliminating discrimination, promote equality of opportunity, and foster good relations between different groups in the community?	Y	Y	Y	Y	Y	Y	Y	Y
Could this proposal affect access to your service by different groups in the community?	N	N	N	N	N	N	N	N

If Yes answered above – please describe the impact (including any positive impact on social economic inequality) and any mitigation if

applicable.

Working age households not in a protected group who are on low incomes and or out of work will be required to pay a higher contribution to their Council Tax per annum. The Council has introduced a range of flexible payment arrangements for Council Tax Support recipients and has a discretionary Hardship Scheme for those households that face severe financial hardship. As part of the decision to increase the contribution rate the Council is increasing the Hardship Scheme reserve by £500,000.

6. Review

How and when will you monitor and review the effects of this proposal?

The Council is legally required to review its scheme annually and consider if any revisions are necessary.

Appendix B

Enfield Council Predictive Equality Impact Assessment/Analysis

Action plan template for proposed changes to service, policy or budget

Title of decision: ...Council Tax Support Scheme 2016/17.....

Team: Assessment Hub..... Department: ...FRCS.....

Service manager: ...Geoff Waterton.....

Identified Issue	Action Required	Lead Officer	Timescale/ By When	Costs	Review Date/ Comments
Severe hardship	Monitor debts and take-up of Council Tax Hardship Scheme	Geoff Waterton	Ongoing	none	
Impact of the scheme on protected groups	Review impact of the scheme on protected groups	Geoff Waterton	December 2016	none	
Communicate change in scheme to customers and key stakeholders	Amend marketing and web content, issue press release	Geoff Waterton	February 2016	Within resources	

Please insert additional rows if needed

Date to be Reviewed: ...December 2016.....

APPROVAL BY THE RELEVANT ASSISTANT DIRECTOR - Sally McTernan..... SIGNATURE.....

This form should be emailed to joanne.stacey@enfield.gov.uk and be appended to any decision report that follows.

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Enfield Council

Council tax support consultation 2017/18.

Appendix C to Council Report – 25th January 2017

Council Tax Support Consultation

The report has been filtered to show the responses for 'All Respondents'.
The following charts are restricted to the top 12 codes. Lists are restricted to the most recent 100 rows.

Do you believe that working age (18 to 65) households who have the ability to work should have to pay something towards their council tax each year irrespective of their earnings?

Yes (21) 75%
No (6) 21%
Don't know (1) 4%

Please tell us why:

I do not think when you are 18 years of age that your earnings would be suffice to start paying council tax, and unless at the age of 18 years you were a property owner I think this should be 21 years if you are not living at home.

This question doesn't make sense - how can a household have an ability to work?

If you are a student and studying then it would not be fair to ask them to contribute or their family after paying towards education fees.

Not all working people earn enough to pay for these increases and everything else this government is burdening the working class people and pensioners too. We are all just barely surviving!

People who are unemployed but fit to work will be receiving a subsistence rate benefit which should not be taxed.

To reduce the amount of Council Tax Support from next year (2017/18) by increasing the minimum amount claimants must contribute from 25% to 26.5%. This would increase the minimum contribution for a Band D property from £29.59 to £31.36 a month and would not require further council tax increases or service reductions other than those already planned.

Strongly Agree (11) 39%
Agree (9) 32%
Disagree (3) 11%
Strongly Disagree (3) 11%
Don't know (2) 7%

For the minimum amount claimants must contribute to remain at 25% and to fund the shortfall of £241,000 through further reductions to the service.

Strongly Agree (3) 11%
Agree (4) 14%
Disagree (6) 21%
Strongly Disagree (13) 46%
Don't know (2) 7%

How should the shortfall should be funded?

Increasing the council tax (2) 29%

Finding savings in other council areas (2) 29%
Using its reserves (2) 29%
Don't know (1) 14%

Please comment if you feel the Council's proposed Council Tax Support Scheme will affect particular groups of people more than others, and if so, how we may address the impact:

This proposed tax support scheme will clearly hit the working people, as this is always the case and they are often penalised for having a job. I am not against supporting changes however, the council has made so many changes and cuts that have drastically affected the borough thus far, and many more to come, including their employees losing their jobs, where does the LBE expect residents to find the extra money to fund those that do not contribute at all.

Unfortunately in difficult times it is difficult to address those groups that are in more need of support than others, so I do not believe this can be achieved.

Don't know. Who constructed this survey? It is appalling: the syntax is poor and most of it is difficult to understand. Who scrutinises these questions?

People on benefit, including disabled people, have not seen an increase in their awards last year, this year nor next year, so they may well struggle to find the extra money needed. The problem is so many services have been cut, funding has been reduced so much, further cuts will cause real hardship usually to those most in need. It seems that to stop those cuts to services the increase has to be made on Council Tax Contributions.

At the moment taxpayers need to pay at least 25% of the level of Council Tax before receiving any help. This should stay at this level. The Council proposes to increase this from 25% to 26.5% (a 1.5% increase per month or £12 a year). This is a small figure at present - this would more than likely further increase as the years go by. Possibly 30% by 2022/2023. Therefore a stealth tax!!.

Something that has been forgotten is that at present pensioner households receive free TV Licences (Over 75s), free bus passes and free winter fuel allowances irrespective of earnings. This is on top of the triple lock on pensions. It seems pensioners are given the "freebies" while working age tax

Please comment if you feel the Council's proposed Council Tax Support Scheme will affect particular groups of people more than others, and if so, how we may address the impact:

Not everyone who is entitled to council tax support is aware of their entitlement or they are incorrectly advised. I find that people who are on housing benefits must pay more to the council tax as there is a lot of variations between people within this group. There should be a percentage increase or all pay the same benefits. We who are pensioners should not be subsidising them. I have noticed that within my neighbourhood they seem to have a better life style. You need to monitor those people having these benefits as I am sure you should be able to increase. As my wife had a stroke 15 years ago I am still paying the full council tax less 10%. against the people who are on housing benefits. Very Unfair.

We are a young working family - myself, my husband and our 3 year old daughter. Nearly half of my salary is spent on my daughter's part-time nursery fees. We are not in a position to accept yet another increase to our expenses. I would like the council to address the issue

with the central government who is content on spending money on nuclear weapons and wars but not prepared to put our money where they belong, back in the community. Yes single parents and the disabled as they have extreme hardship perhaps you could mean test services and money for the elderly sector some are not in need of these services or use them e.g. bus passes the are never used as they get driven everywhere by car or minicab. I think the excluded groups ensure that the most vulnerable people will be protected. Of course this will effect the pensioners whose pension is not enough to begin with and the low income families who are not earning enough to pay for all these increases that the government is proposing. I suggest you obtain this money from all the benefit people who have never worked in their lives and who are rewarded all the time for doing nothing instead of been made to earn a living.

What's going on in our country at the moment is disgraceful. We are been made to pay double the amounts of our counterparts in Europe because everything has been sold to foreign investors i.e. Thames Water, Electricity, gas. Fares and God knows what else. They pay hardly anything while we have to.

Please provide any additional comments you would like to make including any alternative options you would like us to consider:

See before

PLEASE SEE PREVIOUS COMMENTS

Increase council tax

Review people who are paying less in council tax against people paying full tax. Housing services to be reduced. Library to be opened when very busy and to use the on line option. People who are not in employment are already living hand to mouth. Increasing their outgoings from an already small amount of money will increase crime and unhealthy living which will lead to further strains on police and NHS

Please consider how the council and Enfield residents can challenge the central government on its unfair policies.

Providing extra help and information and support to vulnerable people in the Borough those who are homeless and out of education, employment or training.

L/B Enfield not to make any payments towards cycle lane works.

Only a revolution will save us from this corrupt system.

I think that it is unsustainable to tax people further who are in receipt of subsistence rate benefits.

Either increase Council Tax, or, if this would result in a referendum which cannot be won, then services must be cut and it must be made clear why this has happened.

Are you responding on behalf of an organisation?

Yes (1) 4%

No (27) 96%

Do you pay Council Tax to Enfield Council?

Yes (24) 89%

No (3) 11%

Are you currently receiving Council Tax Support in Enfield?

Yes (3) 11%

No (24) 89%

In which postal district do you live?

EN1 (6)
EN2 (5)
EN3 (3)
EN4 (1)
N9 (4)
N11 (1)
N13 (2)
N14 (-)
N18 (2)
N21 (1)
Prefer not to say (1)
Other (1)

If 'Other', please specify:

Essex

How old are you?

Under 18 years of age (-)
18 - 24 (-)
25 - 34 (6)
35 - 44 (2)
45 - 54 (1)
55 - 60 (6)
61- 64 (4)
Over 65 years of age (6)
Prefer not to say (2)

Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

Yes, limited a lot (3)
Yes, limited a little (3)
No (16)
Prefer not to say (5)

How would you describe your ethnic origin?

British (14)
Prefer not to say (3)
Turkish (2)
Turkish Cypriot (2)
Irish (1)
Greek Cypriot (1)
Indian (1)
Somali (1)
Other (1)
Greek (-)
Italian (-)
Russian (-)

If 'other', please specify:

Arab/European

Do you have parenting responsibilities?

Yes (8)

No (14)

Prefer not to say (4)

How would you describe your relationship status?

Living alone (6)

Married (13)

Living as a couple (2)

Civil Partnership (1)

Prefer not to say (2)

Other (3)

Summary

An overall majority (75%) feel that working age households who have the ability to work should have to pay something towards their Council Tax. A similar proportion (71%) agree with the proposal to increase the minimum for council tax support from 25% to 26.5%

Enfield Council

Council Taxbase

2017/18.

Appendix D to Council Report – 25th January 2017

Introduction

The council tax base is calculated in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The tax base is expressed in terms of “Band D Equivalents” (i.e. a property in Band A is equivalent to 2/3rds of a Band D property and a property in Band H is 2 Band D Equivalents). A table showing the calculation of the tax base is given below. The figures are based upon information in existing Council Tax records with adjustments to take into account the effect of estimated changes between now and March 2018.

The collection percentage used in the calculation of the tax base in previous years is as follows: -

Years	Collection Percentage
1993/95	95%
1995/97	95.5%
1997/01	97%
2001/02	97.5%
2002/04	97.75%
2004/13	98%
2013/17	96.79%

The estimated collection percentage is based upon experience to date and an estimate for collection of council tax from taxpayers affected by the reduction in benefit support. On present estimates it is recommended that the overall collection percentage for 2017/18 is 96.79% reflecting the higher loss provision required for the increase tax income relating to the Council Tax Support scheme.

Any under or over achievement of the collection rate including prior years' arrears will be reflected in the overall position on the Council's Collection Fund and potentially has an impact on the revenue budget in future years. These calculations and assumptions result in a Band D Equivalent Tax Base for 2017/18 of 95,043 properties. The main changes between the 2016/17 and 2017/18 tax bases are summarised in the following table.

Council Tax Base Movements 2015/16 to 2016/17	Band D Equivalents
2016/17 Tax Base	94,317
2016/17 Changes:	
1. Increase in properties	566
2. Council Tax Support Scheme changes	82
3. Discounts & Empty Home Premium	21
4. Provision for non-collection on increase in tax base (excluding CTS changes)	57
2016/17 Tax Base	95,043

The Council must decide the tax base by the 31st January 2016 prior to setting the council tax for 2016/17.

Recommendation

Pursuant to this report and in accordance with the Local Authorities (Calculation of the Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Enfield as its Council Tax Base for 2016/17 shall be 95,043 Band D equivalents.

COUNCIL TAX BASE 2017/2018

VALUATION BANDING - NUMBER OF PROPERTIES

	@	A	B	C	D	E	F	G	H	TOTAL
DWELLINGS	0	5241	11592	33674	36428	20954	9147	5861	895	123,792
LESS EXEMPTIONS	0	109	262	475	393	252	74	47	8	1,620
DISABLED RELIEF - LESS	0	1	9	90	173	179	90	75	28	645
DISABLED RELIEF - PLUS	1	9	90	173	179	90	75	28	0	645
CHARGEABLE DWELLINGS	1	5140	11411	33282	36041	20613	9058	5767	859	122,172
DISCOUNTS - (25%)	(1)	(772)	(1,702)	(3,597)	(2,769)	(1,232)	(446)	(185)	(22)	(10,725)
DISCOUNTS - (50%)	0	(3)	(3)	(20)	(29)	(17)	(18)	(23)	(8)	(119)
DISCOUNTS - LCTS @73.5%	(1)	(1,674)	(3,313)	(7,009)	(5,772)	(2,084)	(423)	(123)	(3)	(20,402)
CHARGEABLE PROPERTIES AFTER DISCOUNT	(1)	2,691	6,393	22,656	27,471	17,281	8,172	5,436	826	90,925
EMPTY HOMES PREMIUM (+50%)	0	64	41	38	27	18	8	8	2	203
NET CHARGEABLE DWELLINGS	(1)	2,755	6,434	22,694	27,497	17,299	8,179	5,443	828	91,128
WEIGHTINGS	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	0
BAND 'D' EQUIVALENTS	(0)	1,836	5,004	20,172	27,497	21,143	11,814	9,072	1,656	98,195
CTB1 2016										97,806
DIFFERENCE										389
EFFECTIVE COLLECTION RATE	96.79%									
NET BAND D AFTER COLLECTION RATE ADJUSTMENT										95,043
NET COUNCIL TAX BASE 2017/18										95,043
NET COUNCIL TAX BASE 2016/17										94,317
DIFFERENCE (BAND D)										726
INCREASE / (DECREASE) IN INCOME DUE TO CHANGE IN TAX BASE ONLY										831,197

MUNICIPAL YEAR 2016/2017 REPORT NO. **156A**

MEETING TITLE AND DATE:

Council 25th January 2017

REPORT OF:

Executive Director of
Regeneration &
Environment

Agenda – Part: 1	Item: 9
Subject: Proposed Submission Edmonton Leaside Area Action Plan	
Wards: Upper Edmonton, Edmonton Green, Lower Edmonton and Jubilee	
Key Decision No: 4389	
Cabinet Member consulted: Cllr Alan Sitkin (Cabinet Member for Economic Regeneration and Business Development) Cllr Savva (South East Associate Cabinet Member)	

Contact officer and telephone number:

James Gummery – Principal Planning Officer

Tel: 020 8379 3498

Email: james.gummery@enfield.gov.uk

Tony Pierce – Interim Head of Planning Projects

Tel: 020 8379 2275

Email: tony.pierce@enfield.gov.uk

1. EXECUTIVE SUMMARY

1.1 The Edmonton Leaside Area Action Plan (AAP) (Annex 1) – previously known as the Central Leaside Area Action Plan - will form part of Enfield's Local Plan and will deliver the spatial vision and land use strategy for this part of south east Enfield which includes Meridian Water. The previous consultation draft of the Edmonton Leaside AAP was approved by Council in November 2014. Since then proposals for Meridian Water have evolved and there have been a number of contextual initiatives which the Council has been actively progressing. These include:

- securing Housing Zones status and its recognition as one of London's leading regeneration projects;
- resolving to grant permission for the first phase of development comprising 725 homes as well as a new rail station;
- selecting Barratt and Segro as preferred development partner to act as master developer to drive forward the delivery;
- setting more aspirational long term objectives to boost housing provision to 10,000 homes and 6,000 jobs;
- making progress with site assembly having already acquired over 20ha of land as part of an acquisition strategy;

- actively supporting the Crossrail 2 Growth Commission in promoting the route via the Lee Valley as a growth corridor.

- 1.2 An up to date review of the draft plan will ensure good coordination of strategic issues and provide greater confidence in delivery. It will support land assembly and set clear expectations for the new development. Moreover, it will add weight to the case for Crossrail 2 and enable Enfield to have a clear position when engaging with GLA and government on proposals that may affect planning policies for this area.
- 1.3 Following endorsement by Cabinet on 14th December 2016, this report seeks approval by Council of the draft plan for consultation and subsequent submission to the Planning Inspectorate for Examination in Public.

2. RECOMMENDATIONS

That the Council:

- 2.1 Approve the Proposed Submission Edmonton Leaside Area Action Plan for publication, under Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012, and thereafter be subject to a statutory period of public consultation and submission to the Secretary of State for public examination.
- 2.2 Note that Cabinet had agreed at its meeting on 14 December 2016 that:
- a. The Cabinet Member for Economic Regeneration and Business Development be delegated authority to agree the publication of the supporting and supplementary documents (assessment and supporting evidence base documents) of the Proposed Submission Edmonton Leaside AAP.
 - b. The Executive Director of Regeneration & Environment be delegated authority to make appropriate changes to the Submission version of the Edmonton Leaside AAP and undertake any further consultation required, in the run up to and during the public examination process into the document, in response to representations received, requests from the Planning Inspector and any emerging evidence, guidance or legal advice. Changes of a substantive nature will be considered by the Local Plan Cabinet Sub Committee.

3. BACKGROUND

- 3.1 Edmonton Leaside is the largest strategic growth area identified in the Council's Core Strategy (2010) and is located in the south east of the borough. It incorporates the development site at Meridian Water, as well as a number of established employment estates, major infrastructure facilities such as the Edmonton Eco Park and Deephams Sewage Treatment Works, the Lee Valley Regional Park and its facilities at Picketts Lock. Core Strategy policies 37 and 38 provide policy basis for preparing a more detailed area action plan.
- 3.2 A previous version of the Proposed Submission Edmonton Leaside AAP was approved for public consultation by Council on 19 November 2014. The results of that consultation as well as current factors have been considered in producing this draft. Such factors include:
- the award of Housing Zone funding and objectives for an increase in homes,
 - increasing population in the borough,
 - purchase by the Council of significant land parcels in Meridian Water,
 - Crossrail 2 proposals and the commencement of tendering for a master developer
 - an updated evidence base for and review of the AAP
 - adjustment of the spine road (The Causeway) to provide a more appropriate arrangement.
- 3.3 At the meeting of the Local Plan Cabinet Sub-Committee on 22nd November 2016 the LPCSC took the decision to change the document name from 'Central Leaside Area Action Plan' to 'Edmonton Leaside Area Action Plan', to better reflect the locality. In addition a number of recommendations were suggested which have all been incorporated. The draft plan was endorsed by Cabinet on 14th December.
- 3.4 The Proposed Submission Edmonton Leaside AAP document is attached at Annex 1.
- 3.5 The Edmonton Leaside AAP will provide the planning framework for a number of key projects:
- Regeneration of Meridian Water to provide thousands of new homes, commercial and community facilities to create thousands of new jobs, and improvements to Angel Road railway station within a sustainable environment;
 - New shops for a growing population;
 - Intensification and revitalisation of the industrial estates;
 - Supporting changes to transport infrastructure, including 3, then 4 tracking of the railway line, a better environment for pedestrians

and cyclists, the provision of the Causeway, and an improved bus service;

- Provision of Lee Valley Heat Network (LVHN), a decentralised energy network, making use of heat generated at the Edmonton EcoPark waste processing facility;
- Revitalisation and intensification of the Picketts Lock site for leisure uses; and
- Major upgrade of the Deephams Sewage Treatment Works.

3.6 The Council's publication under Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012, is expected to run from February 2017 to March 2017. A minimum of a 6 week consultancy period is required. A statement of conformity with the London Plan will be sought from the Mayor of London.

3.7 Representations received from the publication stage will be formally submitted to the Secretary of State (SoS) with the final submission version of the ELAAP, along with all supporting documents such as the final Sustainability Appraisal and Equalities Impact Assessment (EqIA). The SoS will appoint a Planning Inspector to conduct an examination in Public to determine the soundness of the document. The examination is expected to take place in August 2017.

3.8 Once the public examination process is concluded, and depending on the nature of the comments in the Inspector's report, the Council will be able to adopt the document as a statutory development plan. Adoption is scheduled for late autumn 2017.

3.9 From the Proposed Submission Stage going forward, greater weight will be afforded to the Edmonton Leaside AAP as it progresses through the plan-making process. Once adopted, the Edmonton Leaside AAP will form part of the Council's Local Plan that provides a spatial policy framework for the regeneration of the Edmonton Leaside area including the major developments of Meridian Water, Edmonton Eco Park, Picketts Lock and regeneration of industrial estates. It will build upon the policies adopted in the Council's Core Strategy, Development Management Document and Policies Map.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 None. Having an adopted and comprehensive planning framework for the area provides a basis for setting the area specific planning policies by which decisions on development can be guided. This is essential to support the Council's regeneration programme, for on-going as well as future investment opportunities.

5. REASONS FOR RECOMMENDATIONS

5.1 It is recommended that Members agree the recommendation that Edmonton Leaside AAP proceeds so it may fulfil the following aims:

- Supporting an acquisition strategy (including Compulsory Purchase);
- Providing a planning framework against which the Council can determine planning applications in Meridian Water and the wider Edmonton Leaside area;
- Providing a tool with which the Council can measure and assess the master developer's plans; and
- Giving the Council the confidence of having a long-term planning approach to Meridian Water.

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

6.1 Financial Implications

- This report seeks endorsement by Council of the Proposed Submission Edmonton Leaside AAP for consultation and subsequent submission to the Planning Inspectorate for Examination in Public. Provision for the cost of preparing the Edmonton Leaside AAP is included in the Local Plan budget. The report contains a variety of future options but does not in itself commit the Council to additional expenditure. Any future proposals with cost implications would need to be subject to separate reports and full financial appraisal

6.2 Legal Implications

- The Planning and Compulsory Purchase Act 2004 (the Act) as amended and the Town and Country Planning (Local Planning) (England) Regulations 2012 (the Regulations) require local authorities to prepare the local plan, which consists of the local development documents (LDDs).
- The proposed ELAAP is a LDD in accordance with Regulation 5(1) (a) of the Regulations.
- The LDDs must conform with the National Planning Policy Framework (NPPF), the London Plan and the Council's own policies.
- The form and content of the ELAAP must conform with the requirements of Part 4 of the Regulations.
- The recommendations are in accordance with the Council's powers and duties.

6.3 Property Implications

- The Edmonton Leaside area includes the main opportunities for growth and change in the borough, and indeed represents one of London's key regeneration prospects. The area includes several

large areas of employment land, including Council owned estates, and this is the main property interest. The AAP includes proposals for new and revised 'strategic' and 'local' designations for some of the industrial land, together with a specific policy for improving and modernising existing Industrial areas, including Montagu and Claverings. These priorities are fully supported by the Council as landowner, and, in conjunction with occupiers, will need to be translated into specific operational management action and other practical initiatives, as also identified by the Industrial Estates Strategy.

7. KEY RISKS

- 7.1 The absence of a robust set of area specific policies would result in a policy gap which could lead to inappropriate, uncoordinated and poor quality development that fails to respond comprehensively to needs and priorities of local communities, the borough and the wider sub-region. It would also negatively impact on the success of the Meridian Water regeneration programme and objectives across the Edmonton Leaside area.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

The Edmonton Leaside AAP will be an important tool in tackling the inequalities between eastern Enfield and other parts of the borough. It will provide a mix of homes (including affordable), support investment and regeneration and in turn new employment. It will also support a range of community facilities (including health and education) and physical infrastructure.

8.2 Growth and Sustainability

The Area Action Plan will provide a positive statutory framework for attracting investment and managing the delivery of growth in the area. This will foster both public acceptance and investor confidence.

8.3 Strong Communities

The Area Action Plan will be supportive of strong communities, particularly in terms of ensuring consideration is given to addressing existing deficiencies and providing new physical, social and community infrastructure. It will provide a range of affordable and market homes for both families and smaller households. It will be well connected to surrounding areas and other growth centres giving good access to jobs and facilities.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1 The policies and proposals of the AAP will have a positive impact on equalities in general. To ensure that this is the case an EqIA has been prepared by the Planning Policy team to support the AAP submission. This indicates that the impact of the policies is likely to be positive for equalities groups, who will benefit from the new homes, new jobs, and new community infrastructure such as schools, green spaces and healthcare facilities, although the broad reduction in inequality is not likely to benefit any single group within the community. There is likely to be a particularly positive impact on people with disability as the ELAAP will support greatly improved connections and transport facilities, allowing people with disability to move much more easily across the area and beyond to access homes, jobs, and community and leisure facilities.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1 The implementation of the AAP will be subject regular assessment in annual Monitoring Report. The projects taking place in the Edmonton Leaside are will be subject to robust performance monitoring.

11. PUBLIC HEALTH IMPLICATIONS

- 11.1 The AAP will have a positive impact upon the health and well-being of the public in this part of Enfield in terms of improving the environment, encouraging healthy lifestyles, reducing pollution and improving social cohesion. This will include increasing everyday physical activity through making walking and cycling part of everyday life as recommended by the Chief Medical Officer which will bring associated avoided risks / costs of motorised transport such as pollution, noise and segregation. Equally, climate change has been described as the greatest threat to the health of the public in the 21st century. There are therefore great potential public health benefits from this development. However, implementation of the plan will need to be monitored to ensure that these benefits are realised.

Background Papers

None

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MUNICIPAL YEAR 2016/2017 REPORT NO. **175A**

MEETING TITLE AND DATE:

Cabinet 18 January 2017
Council 25 January 2017

REPORT OF:

Executive Director –
Regeneration and
Environment

Contact officer and telephone number:

Jeff Laidler 0208 379 3410

E mail: jeff.laidler@enfield.gov.uk

Agenda – Part: 1	Item: 10
Subject: The Council's Main Investment Decision in energetik	
Wards: Cockfosters, Southgate Green, Upper Edmonton, Edmonton Green and Ponders End	
Key Decision No: 4266 and 4035	
Cabinet Members consulted: Cllr Alan Sitkin Cllr Dino Lemonides	

1. EXECUTIVE SUMMARY

- 1.1 energetik is a limited liability company which has been set up by Enfield Council to develop, own and operate a series of community energy networks throughout Enfield and North London. This local energy company was established in September 2015 with a vision to revolutionise the local energy market and be the supplier to trust.
- 1.2 Community energy networks (also known as district heating systems) supply homes and businesses with heating and hot water through a network of highly insulated water pipes. The UK is committed to heat networks through national government, the Mayor of London and locally, with strong policy support to deliver heat networks as a means by which to deliver ambitious carbon reduction targets.
- 1.3 Enfield's Decentralised Energy Network Supplementary Planning Document was approved in December 2015 and takes national and regional policy a step further. It requires the technical specification of heat networks in new developments in Enfield to ensure a fair price for consumers. The delivery of high quality heat networks is a planning requirement for all large developments in Enfield.
- 1.4 Enfield's residents and businesses will benefit from energetik being able to respond to this technical specification. By the Council undertaking this project and entering the heat market, it is able to take a long-term view on its investment for local benefit, delivering a better quality system that will last longer and ensure a fair price for consumers.
- 1.5 energetik's customers will be charged a fair price for their heat whilst receiving higher standards of customer service than could be offered by a private-sector Energy Service Company (ESCo). Residential prices will be benchmarked annually against gas, with no premium for low carbon heat. energetik's financial

model allows for this approach, whilst providing an acceptable commercial return to the Council.

- 1.6 The energetik Business Plan shows how energetik intends to deliver a heat network equalling those found in continental Europe in scale, ambition and quality, with £4.37 million development costs already committed to develop this innovative project.
- 1.7 The Business Plan is prudently based on 15,500 connections and has the potential to provide heat to over 30,000 homes and businesses. The first 15,500 connections are planned to consist of:
- 13,500 homes served by the Lee Valley Heat Network, including 10,000 at Meridian Water; 2,000 to the west and 1,500 (or equivalent commercial demand) at Edmonton Green
 - 517 homes and hotel at the Montmorency Heat Network (formerly Ladderswood)
 - 992 homes at the Alma Road Heat Network, including an extension to a further 167 at Electric Quarter
 - 402 homes at the New Avenue Heat Network
- 1.8 The Council's energy company is best placed to undertake this project and is in a position to build an exemplary, city-scale heat network, using planning policy to ensure that its technical specification is on par with the best networks in Europe. This unique opportunity enables the Council to underpin its regeneration aspirations whilst providing fairly priced, low carbon heat to homes and businesses across the borough.
- 1.9 The £3.5 billion Meridian Water development will provide 10,000 new homes, 6,700 new permanent jobs and a new train station over the next 20 years. The Estate Renewal schemes at Montmorency Park (formerly Ladderswood), Alma Road and New Avenue will provide a further 2,000 new homes. energetik will underpin this large-scale regeneration, providing fairly priced low carbon heat and hot water to all new homes and businesses at Meridian Water and the Estate Renewal schemes.
- 1.10 energetik will also deliver wider benefits to the community through improved air quality, reduced carbon emissions, smart technology providing access to consumption information for customers, and a wide range of payment options to suit all circumstances. This helps create warmer, more sustainable and comfortable places to live and work for Enfield residents and businesses. energetik's base case Business Plan is forecast to save 250,000 tonnes of carbon and 70,000 kg of NOx over 40 years.
- 1.11 energetik's prudent Business Plan is financially sound and affordable, with a financially viable model forecast to provide the Council with an acceptable Internal Rate of Return (IRR) for the business. In line with the principles required by The Heat Trust, energetik is also able to charge consumers across the borough a fair price for their heat whilst covering the cost of capital.

- 1.12 In addition to the revenue generated over the cost of capital, the Business Plan provides for the Council to receive an interest rate premium of £5.97 million Net Present Value from energetik paying back the loans and up to £800,000 per year business rates once the main network is built, using the existing standard valuation method.
- 1.13 PWC calculate that the energetik Business Plan is forecast to deliver significant economic, environmental and social benefits, with up to £225 million gross monetised benefit over 40 years, a Net Present Value of £94.7 million and a cost-benefit ratio of 3.4. PWC also identified a number of other non-financial benefits that were not possible to quantify in value terms. These included strategic benefits of delivering a Council-owned heat company; the ability to provide warmer homes and cleaner air; and the benefits of providing state of the art smart metering to customers.
- 1.14 The first customers at the Montmorency Heat Network are planned to receive heat in early 2017, closely followed by residents at Electric Quarter in 2017, Alma Road in 2018, Meridian Water in 2019 and New Avenue in 2020.
- 1.15 At the Estate Renewal Networks, the business aims to sell electricity generated on site by the Combined Heat and Power (CHP) engines over private wire networks to create revenue.
- 1.16 As has been demonstrated through the detailed financial cost modelling and Business Plan, as well as a series of rigorous audits by external consultants, the use of public funds is justified to deliver the energetik Business Plan, on the basis that the benefits achieved are commensurate with the risks involved and that the risks can be managed in the way described in this Report.
- 1.17 energetik demonstrates financial viability through its model and is resilient to changes in market conditions, whilst still delivering a secure heat supply to thousands of residents and businesses at a price comparable with gas.
- 1.18 The Business Plan and this report have been reviewed and validated by a Gateway Review undertaken by KPMG, with a recommendation to progress to implementation, noting that:
- The Business Plan is prudent, robust and deliverable. It is based on well-informed assumptions, with the potential to create greater economic returns and social value through expansion
 - Significant work has been undertaken by the business to mitigate and manage risks
 - The Council has recruited a very experienced management team with knowledge to deliver and operate this type of business
 - There is an appropriate governance framework, providing clear decision making and delegated authority. The processes and agreements in place give the company a solid footing on which to grow
- 1.19 A comprehensive risk register has been developed, categorising each identified risk. The key risks are manageable as the Council has an ability to secure the

heat demand. A phased delivery approach has been developed so that the network can grow with demand, and contracts have been structured in such a way as to ensure that risk exposure is minimised. Active risk management processes are in place to continually monitor and manage risks, and an independent Audit Committee has been created to scrutinise the financial and risk management actions of energetik.

- 1.20 The energetik team has worked on and delivered some of the largest district heating systems in the country in their previous roles, and have owned and managed successful private-sector businesses in the industry. With over 100 years of combined knowledge and experience in the industry, energetik has the best possible knowledge to deliver a successful business.
- 1.21 The contractors who have been selected to deliver the infrastructure elements are industry leading experts in the UK, again helping to ensure that the Business Plan is deliverable.
- 1.22 The Value for Money Statement demonstrates how the strategic, economic, commercial, financial and management elements of the Business Plan provide value for money for the Council.
- 1.23 The combination of energetik's team of industry experts; a thorough review of the Business Plan and Cabinet Report by Council officers; PWC's work on the both the Value for Money Statement and Security Package; and KPMG's Gateway Review of both the Business Plan and Cabinet Report, demonstrate that the Council has undertaken thorough due diligence ahead of its main investment decision in energetik.

2. RECOMMENDATIONS

To note that Cabinet on 18 January 2017 is being asked to:

- 2.1 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.
- 2.2– 2.5 See Part 2 of the report.
- 2.6 Delegate authority 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 has 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).
- 2.7 Delegate authority 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 are 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 will be in accordance with the Council's Treasury Management Strategy to mitigate the risk of a negative impact on the Council's budget and MTFP.
- 2.8 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 below
- 2.9 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
- 2.10 Approve energetik entering 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.

An update on the final decision made by Cabinet will be provided at the Council meeting.

3. BACKGROUND

Strategic Context

- 3.1 Decentralised Heat networks will play an essential part in decarbonising the UK energy supply market and will contribute to helping the UK meet its carbon reduction targets.
- 3.2 The role of community energy in the national context was outlined in "[The Future of Heating: A Strategic Framework for Low Carbon Heat in the UK](#)" published by Department of Energy and Climate Change in 2012. The subsequent implementation strategy "[The Future of Heating: Meeting the Challenge](#)" was published in 2013, prioritising the supply of low carbon heat as a key opportunity to help the UK meet its international climate change commitments and ensure security of energy supply.
- 3.3 The Committee on Climate Change's October 2016 report "[Next Steps for UK Heat Policy](#)" concludes that deployment of low-carbon heat cannot wait until the 2030s. Opportunities exist to install low-carbon heat networks in cities. Delivery of additional heat networks can however only be realised with strong local and national government leadership.
- 3.4 In response to the 2015 Which? report on heat networks highlighted cases where the historical lack of standards and consumer protection has led to poor outcomes for households connected to heat networks, the Committee on Climate Change conclude that 'Recent evidence now points to improving heat networks experiences, including the majority of London new-build networks. New business models and smart systems have successfully addressed issues of poor-performing schemes.'
- 3.5 At the London level, the Mayor and Greater London Authority (GLA) have policy commitments to encourage community energy networks through the London Plan. The [London Heat Map](#) is a key tool for deployment of Heat Networks in London. Supported by the Mayor, the London Heat Map led to changes in Planning Policy that incentivise planners and developers to consider community energy. The policies are intended to reduce the carbon footprint of homes and buildings, and the country's reliance on old, out of date fossil fuel power stations and imported gas. In the process, they will deliver community energy networks that provide greater energy security and stable prices to local communities.
- 3.6 energetik is best placed to undertake a project of such importance and is in a position to build and deliver an exemplary, city-scale heat network that is on par with the best networks in Europe. This unique opportunity enables the Council to underpin its regeneration aspirations by providing competitively priced, low carbon heat to over 30,000 homes and businesses.

- 3.7 In response to the policy frameworks in place and in an attempt to deliver a host of economic and wider benefits within the Borough, Enfield Council has set up its own local energy company, energetik, to capture the opportunity presented by Meridian Water and the Borough's estate renewal schemes, eventually it will provide thousands of homes and businesses with better value energy that is reliable and environmentally friendly.
- 3.8 Enfield Council is in a unique position to enter the heat market as it is able to take a longer term view than a private Energy Services Company (ESCO) on its investment for local benefit whilst delivering a high quality heat network. This will provide a benefit to customers through fair prices and comfortably heated homes, whilst providing an acceptable commercial return to the Council.

Timeline So Far: A Quick Reminder

- 3.9 The energetik Business Plan and delivery strategy has been developed over the last five years, evolving to suit updated delivery strategies at Meridian Water and the Estate Renewal sites, with each milestone unlocking the next stage of development. The key milestones are summarised below:

Milestone	Dates
Greater London Authority's heat map: confirmed the opportunity for heat networks across London https://www.london.gov.uk/what-we-do/environment/energy/london-heat-map	2011
Pre-Feasibility and feasibility studies: confirmed the opportunity for Enfield Council to provide the low carbon energy infrastructure for Enfield's sizeable regeneration agenda to deliver significant economic, environmental and social benefits	2011 and 2012
Cabinet agreed to establish a conventional limited company as its preferred delivery option to design, build, operate and maintain a city-scale heat network in Enfield	December 2012
First Business Plan approved by Full Council, demonstrating the original project's viability and significant economic, environmental and social benefits. This secured a further £1.285 million development funding	October 2014
First UK local authority to receive back to back funding from the European Investment Bank (EIB)	February 2015

and London Energy Efficiency Fund totalling £12 million investment in energetik, demonstrating that energetik is a financially sound low carbon business. The EIB's £6 million investment in energetik's low carbon business formed part of wider £80 million investment in Enfield's strategic infrastructure, including Meridian Water	
'Invest in Enfield' event at the top of the Gherkin for Meridian Water and energetik, with key note speech by the European Investment Bank's Vice-President for Climate Change	May 2015
Full Council agreed to release £2.143 million funding to start-up the energetik business as a conventional limited company with its own company Boards, brand and operations	June 2015
First LVHN Ltd Board meeting	September 2015
NLWA Board Members approved the authority to enter in to the HSA / Lease / Agreement for Lease	October 2016
Council's main investment decision in energetik	18 January 2017 (Cabinet)
'Go live' for www.energetik.london	25 January 2017 (Full Council)

energetik Business Plan

- 3.10 energetik has been set up as the operating company tasked with delivering the heat network. The business operates at arm's length from the Council, run by a team of industry experts. To ensure good governance and appropriate control measures are in place, a holding company sits above energetik (Lee Valley Heat Network Limited (LVHN Ltd), with the Council as 100% shareholder. Further details can be found in Section 4 on governance.
- 3.11 The Council secured an initial £12 million of funding, with £6 million provided by the European Investment Bank (EIB) and a further £6 million from the London Energy Efficiency Fund (LEEF), which will be on-lent to energetik. The GLA has also committed to provide the Council with a £3.7 million zero interest loan Housing Zone grant for the Lee Valley Heat Network, which will reduce the Council's total borrowing requirement.

- 3.12 The Business Plan sets out a vision and strategy for the energy business, showing how it will enable a city-scale heat network, supplying over 15,500 homes with heat and hot water across four heat networks, which will serve as a minimum:
- The Montmorency Heat Network (formerly Ladderswood) to serve the first 40 customers in early 2017, with 517 homes and a hotel to be built and served in total in later phases
 - The Lee Valley Heat Network, the largest of the community energy networks that the business will own and operate, which includes:
 - 10,000 new homes at Meridian Water
 - 26,000m² of commercial demand
 - 2,000 homes extension to the west of Meridian Water
 - 1,500 homes (or equivalent commercial demand) at Edmonton Green
 - The Alma Road Heat Network (992 homes) and extension to Electric Quarter (167 homes)
 - The New Avenue Heat Network (402 homes)
- 3.13 The potential demand for heat identified in the Business Plan is over 30,000 homes and businesses to make full use of existing heat sources. In reality, the system can be expanded beyond this depending on requirement, by connecting additional thermal storage and heat sources.
- 3.14 The business will sell electricity generated by the Combined Heat and Power (CHP) engines to commercial customers over a private wire network at the Estate Renewal Heat Networks, where possible, and any surplus will be exported back to the National Grid. This will include entering Power Purchase Agreements (PPAs), which are to be drafted and agreed with the relevant customer. The PPAs will enable energetik to receive a greater financial reward for the electricity that is produced by the CHP plant, but they will also include certain guarantees and obligations with respect to the continuity of electricity supply to the customer. energetik intends to follow industry standard obligations with respect to the PPAs.
- 3.15 The energetik business has three distinct competitive advantages in the local market place:
- I. Enfield Planning Policy actively encourages heat networks, adding further strength to the London Plan. Approved by Cabinet in December 2015, the 'Decentralised Energy Network Supplementary Planning Document' requires all new large developments in Enfield not only to connect to a heat network but to meet a suitably high technical specification to ensure a fair price for consumers. energetik has followed this specification when designing the Lee Valley, Montmorency, Alma Road and New Avenue Heat Networks

- II. The Portfolio Agreement between the Council and energetik enables all new Estate Renewal Schemes in Enfield to benefit from fairly priced low carbon heating and hot water supplied by energetik
 - III. energetik has negotiated a Heat Supply Agreement with the NLWA to be supplied with heat from its new Energy Recovery Facility (ERF), if/when it is built, potentially adding a very low carbon heat source to the network. A private-sector ESCo would be unlikely to have reached a commercial agreement to connect to the ERF due to the cost of the connection and the terms sought by NLWA, removing the opportunity to supply customers with a very low carbon heat source
- 3.16 energetik has developed a strong offer for residents and businesses located in Enfield and beyond. As shown in Appendix 1, energetik:
- provides better value for money
 - aims to be better for customer service; the local economy; the environment and people's health
 - is better through innovation
- 3.17 In addition to a financially sound Business Plan that covers the cost of capital and creates an investment return for the Council, significant sustainability benefits consolidate the investment proposition. There are environmental, economic and social benefits for the Council in its capacity as both sole shareholder and investor.
- 3.18 The Council's Value for Money (VfM) Statement for the energetik Business Plan is detailed in Appendix 2, which is broken into strategic, economic, commercial, financial and management considerations.
- 3.19 Key benefits include:
- the prudent energetik Business Plan is forecast to save 250,000 tonnes of carbon and 70,000 kg of Nitrogen Oxide (NOx) emissions over forty years. Reduction in carbon emissions
 - direct Gross Value Added impact of the energetik business, considered to be the revenues of the business less its costs
 - potential inward investment opportunities created by the heat networks
 - energy savings for end users as compared to private-sector ESCos
 - future proof to enable new technologies to "plug and play" in the decades to come
- 3.20 As has been demonstrated through both KPMG's Gateway Review of the Business Plan and Cabinet Report, and subsequent work undertaken by PWC, the energetik Business Plan provides the Council with value for money.
- 3.21 PWC has monetised the strategic importance of the energetik business to the Council. The table below sets out potential monetary value of the sustainability benefits assessed by PWC:

Identified Benefit	Gross monetised benefit up to £x million over 40 years	Net Present Value (£ Million)
Reduction in carbon emissions and public health benefit	£14.1	£6
Reduction in Nitrogen Oxide and public health benefit of better air quality	£2.9	£1.2
Direct GVA impact (from energetik)	£128.6	£50.1
Potential inward investment impact	£64.6	£33.3
Reduced cost to end users	£15	£4.1
TOTAL	£225.2	£94.7

- 3.22 PWC forecast that up to £225 million of benefit may be delivered over a 40-year period, based on the energetik Business Plan, with a Net Present Value of £94.7 million and cost benefit ratio of 3.4.
- 3.23 In addition, there are a number of other non-financial benefits that PWC could not quantify in value terms. These included strategic benefits of delivering a Council-owned heat company to underpin the Council's regeneration ambitions; the ability to provide cleaner air; and the benefits of providing state of the art smart metering to customers. The low carbon energy infrastructure to be delivered by energetik also underpins the Council's ambitious regeneration agenda and housing aspirations.
- 3.24 In assessing the value for money of the proposed investment, PWC's assessment of the potential financial and non-financial benefits needs to be considered alongside the potential downside risks (that could impact on costs and benefits) and overall deliverability of those benefits identified. The risks are detailed in Section 8 of this Report. The deliverability of the identified benefits is detailed in the energetik Business Plan.

Heat Sources

- 3.25 The benefit of heat network infrastructure is that once installed, it is able to accommodate future changes in technology easily and quickly. Heat networks are often described as 'plug and play,' whereby different heat sources and heat loads are added over time to increase economies of scale, reduce peak heat demand and increase overall network efficiencies. If a more efficient and/or low carbon heat generating technology arises in the

future, this means it can be connected to improve system performance and environmental impact.

- 3.26 The heat sources to be used in Enfield vary dependent upon the heat network in question. For the Montmorency, Alma and New Avenue heat networks, low carbon, gas-fired Combined Heat and Power (CHP) engines provide heat and electricity generation, backed-up and topped-up by gas boilers.
- 3.27 In Zone 1 at Meridian Water, the first blocks to be developed will receive heat from gas fired boilers in an energy centre located in one of the blocks being developed. Once a critical mass of properties is programmed to be delivered, energetik will commence the build-out of the energy centre to be located at the NLWA EcoPark. Modular CHP will be installed to provide heat to subsequent phases until such time that connection with the NLWA's new ERF plant is feasible. The gas-fired boilers from Zone 1 and the CHP engines in the energetik energy centre will then provide backup network resilience in case of any unforeseen supply issues from the ERF.
- 3.28 Good quality gas-fired Combined Heat and Power has been selected due to its proven track record of reliably providing a low carbon heat supply at an economical cost. It can be installed in a modular fashion to meet the growing demand of customers, making it the ideal solution to bridge the gap until the new ERF is built and supplying heat at to the Lee Valley Heat Network. Thereafter it is able to supply backup low carbon heat should the heat supply from the new ERF be unavailable due to maintenance or breakdown.
- 3.29 The business has managed to successfully negotiate a Heat Supply Agreement with NLWA for them to provide heat from their new ERF. If or when it is built, this will add a very low carbon heat source to the Lee Valley Heat Network. If for any reason it is not built, the CHP plant installed in the energy centre is able to satisfy the ongoing low carbon heat demand whilst remaining profitable.
- 3.30– 3.73 See Part 2 of the report.

Programme

- 3.75 The timeline below shows key business milestones, subject to the Council's main investment decision:

Year / Quarter		Milestone
2017	Q1	Council's main investment decision
		First customers at Montmorency Park
	Q2-Q 4	First customers at Electric Quarter
2018	Q3	First customers at Alma Road
2019	Q2	First customers at Meridian Water, with all 10,000 customers forecast to be connected by 2039
2020	Q1	First customers at New Avenue

Heat Network Expansion Potential

- 3.76 The Business Plan is based on providing heat to an initial 15,500 homes and local businesses set to benefit from better value, reliable and environmentally friendly energy. The potential demand for heat identified in the Business Plan is over 30,000 homes and businesses to make full use of existing heat sources. In reality, the system can be expanded beyond this depending on requirement, by connecting additional thermal storage and heat sources.
- 3.77 This development potential places the Council in a position to deliver a true city-scale heat network, potentially the largest in the UK, and to a quality and scale comparable with European district heating schemes. energetik's ultimate development vision is to extend the network to other London Boroughs to provide low carbon, affordable heat to thousands more properties, rivalling the success seen across the continent. The technical specification, the operational experience of the team and the vision sets the business apart from others in the UK market.
- 3.78 It is recommended that a £4 million Business Expansion Fund is added to the indicative capital programme to enable the business to expand when opportunities arise, prior to it having built up adequate cash surplus itself. Each investment decision is subject to a separate feasibility study and is subject to HoldCo approval, so that additional connections further increase the efficiency and financial viability of the Business Plan, with positive impacts on both energetik's cash flow and Internal Rate of Return.

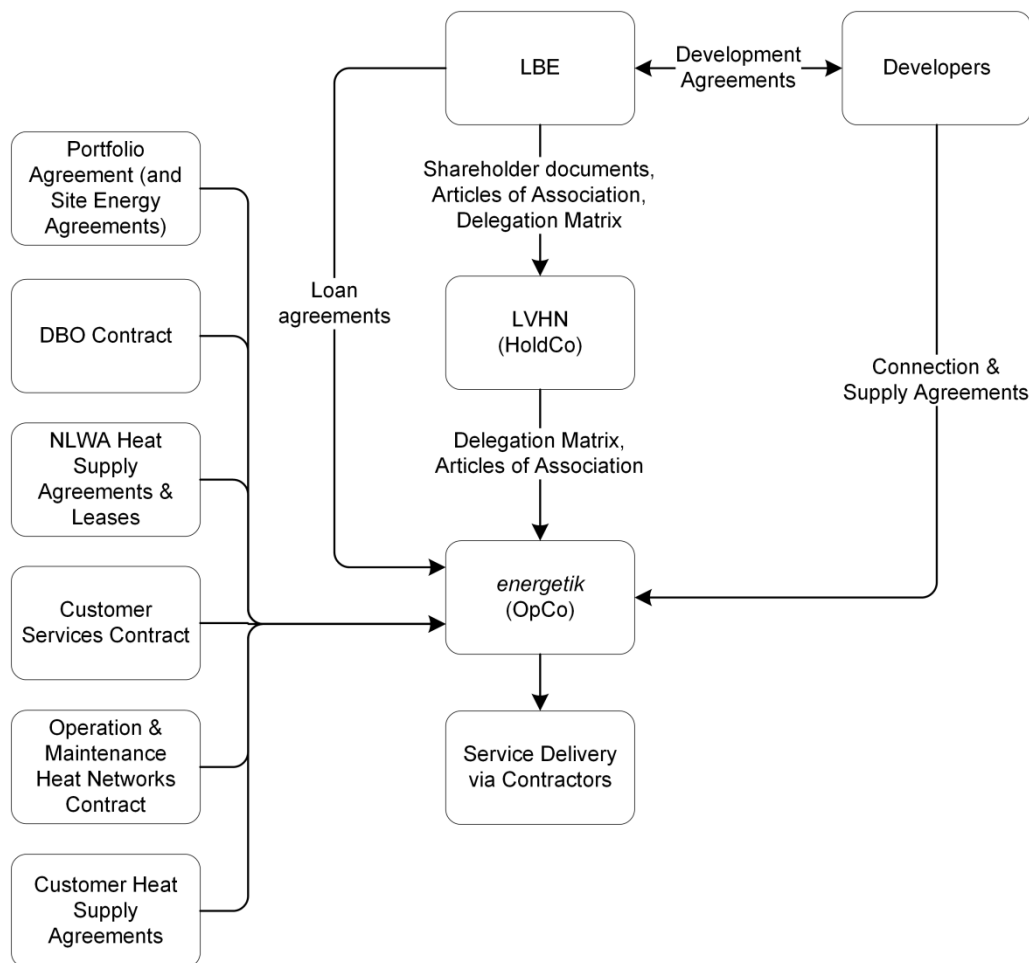
4 Governance and Risk Management

4.1 Governance

- 4.1.1 A complete set of governance procedures have been put in place to ensure energetik is governed in a prudent manner, aligned with the Council's ambition to ensure effective delivery throughout the life of the business whilst the Council maintains ultimate control. This includes:
- A two tier commercial structure has been adopted, with a Holding Company "HoldCo" and an Operating Company "OpCo" (energetik). The Council is 100% shareholder in the holding company, which in turn owns energetik. As sole shareholder, the Council has ability to exercise controls over the companies, and the board appointments. A two tier structure allows day to day operational decision making to happen quickly and efficiently by the management team, within approved decision making and spending thresholds, whilst the holding company provides strategic assistance and acts as an approvals board for decision making where approved thresholds are exceeded. Certain reserved matters are in place, and can only be approved at the highest level, through a Full Council decision
 - Delegations Matrix to govern spending limits and decision making abilities

- The HoldCo Board includes two non-executive directors appointed from the industry to provide strategic advice and challenge decision making and the Managing Director of the OpCo
- An independent Audit Committee has been established for the energetik business that meets on a quarterly basis, chaired by the Council's Director of Finance, Resources and Customer Services. The function of the committee is to monitor financial processes; supervise auditing functions; and to assess risks and liabilities, the implications for the finances and the reputation of the Council, and to consider actions proposed or taken to mitigate them. Any actions identified as a result of this Audit Committee meeting are discussed with energetik to action accordingly

4.1.2 The diagram below explains the intended corporate structure and contract arrangements that underpin energetik's procurement transactions. The Council on-lending agreement for the LEEF and EIB loan presently resides with HoldCo but is in the process of being transferred to OpCo in accordance with the contract arrangements below. The rest of this report explains roles after completion of this process:



4.1.3 Following the main investment decision the Council will establish a Programme Board, chaired by the Director of Regeneration and Environment, to:

- Manage the risks, interdependencies and opportunities between energetik, Meridian Water and the Council's Estate Renewal schemes
- Manage the Council's Tranche 1 investment in energetik, including business development and communications opportunities, and Council side risks
- Manage and finalise the Council's overall investment in Tranche 2
- Ensure the Council optimises individual investments across its portfolio of regeneration projects
- Manage the expansion opportunity arising from the Council's future Estate Renewal schemes, as covered through the Portfolio Agreement

4.1.4 The Council's Procurement Board will ensure contracts are entered into in the right sequence and at the right time.

4.2 Risk Management

4.2.1 A full risk management strategy has been developed to manage and mitigate risks associated with the business. Mitigation strategies have been developed to ensure that all risks are reduced from high to low, or at worst moderate. energetik's risk management framework is in line with the Council's own risk management procedures. A comprehensive risk register has been developed, categorising each identified risk into eight key areas:

- Governance
- Legal
- Procurement
- Business Development
- Construction
- Commercial
- Financial
- Operational

4.2.2 Each risk is allocated a risk owner and then scored both on probability and impact to assess overall severity and exposure, as well as being given a financial value, where possible, if the risk were to materialise. These risks are then reviewed on a monthly basis, with mitigating actions, risk scores and values updated. Each month, a new version of the risk table is created, to provide an audit trail showing how risks are being managed and actions taken to reduce or remove the impact as the project progresses. The key risks are regularly reported back to both the holding company board, operating company board and once established, a Programme Board Chaired by the Director of Regeneration and Environment.

4.2.3 The security package work stream completed by PWC will be used to inform the work of the Programme Board, to specifically consider Council side risks

as described in section 8 of this report, as well as strategic oversight of key interdependencies and opportunities.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 **No decision by the Council to invest in Tranche 1:** This 'Do nothing' scenario is based on a private-sector Energy Services Company (ESCo) delivering a heat network, letting developers proceed without energetik. Not providing a heat network is not an option due to the Council's Supplementary Planning Document for Decentralised Energy Networks. Left to normal market conditions to provide the community energy schemes energetik intends to deliver, customers would not receive a heat network that provides the same benefits as that proposed by the energetik. To achieve the higher 12% investment returns that would be expected by a private-sector ESCo to reflect the higher cost of capital, the residential energy price on a 'like for like' infrastructure scheme would typically be higher and the specification of the design and on-going services would be of a lower standard.
- 5.1.2 A 'Do Nothing' decision would however mean that the Council avoids all the risks associated with the investment decision as identified in this report (although taking into account the write-off and other costs that would be incurred).
- 5.1.3 Private-sector ESCOs would also be unlikely to connect to the ERF, instead going for gas CHP. This removes the opportunity to supply customers with a very low carbon heat source.
- 5.1.4 As has been proven elsewhere in the UK, private developers are also generally unlikely to seek to expand their community energy networks for additional local benefit beyond their initial project boundary.
- 5.1.5 See Part 2 report
- 5.16
- 5.1.7 In summary, without a decision to invest, the delivery of the necessary heat networks in Enfield would fall to the private ESCo market. If this were to happen the Council will:
- Not realise the financial benefits provided by delivering the network itself
 - Write off the £4.37 million invested in the development of the business to date, which would be a charge to revenue for which there is no budget provision and would increase pressure on Council reserves and balances
 - Have significantly less influence over the delivery of low carbon energy infrastructure as part of its regeneration ambitions at Meridian Water and its Estate Renewals
 - Have to consider how to cover the capital and operating costs required to deliver effective customer service to its first customers at the estate renewal heat networks, including the necessary operational and capital

expenditure requirements. This is an existing commitment regardless of the Council's main investment decision in energetik

- Not achieve the economy of scale required to deliver a city-scale heat network, in which case it would need to consider selling the Montmorency Heat Network and halting asset adoption at the Alma Road and New Avenue Heat Networks. This incurs an additional reputational risk for both the Council and business
- Have to consider how to deliver heat network infrastructure as per the tender requirement already placed upon Barratt London, as the appointed Meridian Water master developer
- Halt the commencement of the detailed design of the Lee Valley Heat Network and energy centre in accordance with the Design, Build and Operate contract as part of the Tranche 1 funding, which is required to enable heat supply to the first customers at Meridian Water in 2019
- Be in breach of the LEEF funding criteria and be at risk of having to pay a £180k penalty

5.2 See Part 2 report

6. REASONS FOR RECOMMENDATIONS

6.1 Appendix 2 provides a Value for Money Statement which is broken into the strategic, economic, commercial, financial and management elements of the Business Plan. As has been demonstrated through the detailed financial cost modelling and Business Plan, as well as a series of rigorous audits by external consultants, the energetik Business Plan provides the Council with value for money.

6.2 As a result of these strategic, commercial, financial, economic and management cases, the use of public funds is justified as:

- energetik has member and officer support, as well as being supported at local, national and international policy levels
- The business will deliver significant carbon savings, in line with the Council's carbon reduction savings targets
- The Business Plan sets out a robust and deliverable business, based on well-informed assumptions with the potential to create greater economic returns and social value through continued expansion
- The governance arrangements are well structured and ensure that the Council as ultimate shareholder has appropriate control of the energetik business using a robust risk management strategy, including regular performance monitoring
- The risks are considered to be manageable, and the Business Plan is based on prudent assumptions, with critical attention being paid to key strategic risks
- The energetik management team has a wealth of industry specific knowledge and experience required to deliver and manage the business

6.3 – 6.5 See Part 2 report

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

7.1 Financial Implications

See Part 2 of the report.

7.2 Legal Implications

Vires

7.2.1 As previously reported to Cabinet in June 2015, the Council has power under Section 1(1) of the Localism Act 2011 to do anything which individuals generally may do provided it is not prohibited by legislation and subject to public law principles. Further statutory powers exist to establish and invest in energetik, and Section 1 of the Local Government Act 2003 permits the Council to borrow and lend (subject to complying with the Prudential Code for Finance in Local Authorities). The recommendations detailed in this report are in accordance with the previous legal justifications for establishing and implementing the business, and the decisions taken.

7.2.2 Local authorities are also permitted to sell electricity under the general power of competence under the Localism Act 2011, as well as the Local Government (Miscellaneous Provisions) Act 1976 (as amended) but subject to the limitations under the 1976 Act (restricting sales to electricity generated with heat or from renewables) and under the Electricity Act 1989 (requiring distribution and supply to be under a distribution or supply licence, as applicable, or to fall within a number of exemptions under the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 (as amended)). These restrictions will apply to LVHN Ltd. The sale by energetik over private wire of electricity generated from combined heat and power can and will need to be structured so as to remain legally compliant.

7.2.3 In relation to the guarantees referred to in 7.2.16 below, the introduction of the 'general power of competence' under the Localism Act 2011 enables local authorities to explore innovative solutions to deliver more with less, generate income by charging and trading and to provide indemnities and guarantees. The legislation provides that *"a local authority has power to do anything that individuals generally may do."* This includes giving guarantees. However, other restraints of public law still apply. The most relevant of these is that local authorities have a fiduciary duty to act prudently with public monies entrusted to them and must establish (and maintain a full audit trail to support) that the underlying transaction being guaranteed by the Council is itself 'intra vires' and that it has been given due and proper consideration in accordance with the normal public law considerations.

Company Structure

7.2.4 Also as previously reported, LVHN Ltd and energetik are both set up as arm's length companies in accordance with the Companies Act 2006, and limited by shares. The company structure includes LVHN Ltd, which is wholly owned by the Council, and in turn holds all the shares in the operating company,

energetik. As such the matters addressed in this report are consistent with the structure previously authorised, subject to the further descriptions of the roles of each company detailed and recommended in this report.

- 7.2.5 It is intended that LVHN Ltd (and its subsidiary) will operate as a commercial entity, and the Business Plan now sets out the basis for moving forward operationally and financially. In addition, this Report sets out the investment approach being taken by the Council and makes recommendation in relation to that. None of these arrangements (at both Company and Council level) are contrary to the previous basis on which legal implications have been reported, and remain lawful. The final investment decision should take into account the risk factors described in this report, so that the Council takes its decisions with proper regard to its fiduciary duties (see section 8 below).

Procurement

- 7.2.6 The ongoing procurement activity in relation to the business will continue to remain compliant with EU procurement law, and appropriate legal advice taken on an ongoing basis. Ultimately, all legal agreements will be in a form approved by the Assistant Director of Legal and Governance Services.

State Aid

- 7.2.7 State aid legal compliance is being managed on an ongoing basis, and legal and other professional advice has been taken. This is critical given the number of ways in which the business is being supported by the Council (and other public bodies). None of the arrangements set out in this report, or the recommendations flowing from it, are intended to grant unlawful state aid. However, as the report from the Council's legal advisers confirms, the position will need to be kept under review as the various investment decisions are implemented.

- 7.2.8 The Council's financial advisers have confirmed that the quantum of State Aid which is required by energetik falls within the parameters of what can be provided as legal State Aid using the General Block Exemption Regulation. The Council will work closely with its legal and financial advisers to put in place the appropriate contractual mechanisms to ensure the funding and ancillary support is provided in a State Aid compliant manner. This compliance will be addressed as part of the On-Lending Agreement between the Council and energetik.

Housing Revenue Account (HRA) Considerations

- 7.2.9 The main consideration for HRA is the need for the scheme to operate on terms which ensure that HRA land is only disposed of for best consideration (as required by statute). Provided the financial basis for transferring land and then securing payment from energetik for assets under the Portfolio Agreement meet this requirement, the arrangements will meet legal requirements. A financial methodology has been agreed between energetik and the Council to achieve this.

Financial Exposures of the Council

- 7.2.10 The Council's overall risk exposure is not limited to financial risks; as mentioned it includes reputational risk. All of these risks should be weighed in the balance when making the investment decision, taking account of the risk mitigation steps identified throughout the Report. It is, however, the Council's financial exposure that links with the Council's obligation to take account of its fiduciary duties. In that regard, the PWC Report assessed direct and indirect financial exposures, and those findings are reflected in the Report (and where possible the level of risk quantified). Where a risk exposure cannot, with any degree of meaningful accuracy, be quantified, the nature of the risk is described alongside the risk mitigation factors.
- 7.2.11 Given that a limited company is to enter into all contracts in its own name, the Council's direct financial exposure comes from:
- (a) borrowing to invest in energetik. Irrespective of the performance of the Council's on-lending to energetik, the Council will have a requirement to meet its repayment obligations to its own lenders
 - (b) Council on-lending to energetik. This is discussed further below in paragraph 7.2.12
 - (c) Acting as guarantor to energetik under two parent company guarantees that have been sought. These are discussed further below in paragraph 7.2.16

Funding Agreements

- 7.2.12 Funding agreements (lending between the Council and the business):
- i) **Existing LEEF loan agreement:** a condition of the previously approved funding from LEEF to the Council is that the key business document (the Design, Build, Operate contract) is entered by 1st June 2016 or the Council potentially faces enforcement action for default. A request to have this timeline extended to the end of February 2017 has in principle been agreed with LEEF, who are fully aware of the reasons for the delay and have confirmed that they will not be taking action to claim the default penalty as the position currently stands. It must be noted however that further delays would introduce a higher risk of enforcement against the default for which the Council would be liable. The potential liability under the agreement is £180k (3% of the £6 million balance). The LEEF loan agreement imposes restrictions on how the money is deployed, which if the better solution being discussed with LEEF (referred to in paragraph 4.1.2 above) is not agreed and implemented, would require a service agreement between the holding company and operating company and some additional company re-organisation.
 - ii) **Additional loan agreements:** providing the additional funding required to deliver the Business Plan requires additional loan agreements to be put in place for the Council to deploy necessary

funding into the business. This funding will largely replicate the structure and terms of the LEEF loan agreement but with conditions reflecting conditions attached to the original funding source and/or to help ensure compliance with state aid rules. Other tailoring will be required on draw down profiles, details on eligible expenditure, interest and principal repayment profiles, cover ratios, security provisions and step-in rights. These remain to be developed. It is recommended that these terms are agreed and included in any financial modelling ahead of the Council releasing further investment to energetik (see recommendations).

- iii) **Lender risk:** the Council, as lender under these agreements, is exposed to the potential failure of energetik, as borrower, and energetik's inability to repay the money it owes to the Council. This is mitigated to a large degree by the terms of the loan agreements, the oversight the Council has over the running of the business as sole shareholder, and the governance measures implemented through the Delegations Matrix.

As ultimate shareholder in the borrower, through requirements imposed on energetik to report to its Holding Company Board (which includes Council representation), and through Board and shareholder approval requirements, the Council will have substantially greater visibility of the ongoing financial and technical performance of the business. This will give the Council advanced warning of any issues arising, the ability to probe and seek guidance, and the opportunity to remedy such issues. This additional level of oversight, control and influence is significantly greater (in both a legal and practical sense) than a normal lender would have in a pure lender-borrower relationship (where security rights would be purely contractual).

Contracting at company level and contingent risks in contracts

- 7.2.13 There is a high degree of interdependency between the key contracts (e.g. the Design, Build, Operate contract; the Operations and Maintenance Agreement; the Customer Services Agreement; the Heat Supply Agreement; the LEEF Loan Agreement and the On-Lending Agreement; the Meridian Water Development Agreement; and development/adoption commitments in respect of the Montmorency Heat Network etc.) with the risk of stranded costs/liabilities potentially resulting under one agreement, if another fails to be delivered. These are risks facing energetik and principally flowing through (contractually) to the Council as a repayment risk under the loan agreements and/or a contractual risk under the relevant Development Agreements entered into by the Council. This has been mitigated to some extent through the ability to adjust development programmes and to reshape energetik's debt repayment profile. For example, steps are being taken to ensure that the Master Development Agreement for Meridian Water dovetails with how other agreements operate and triggering of obligations to match the split between Tranche 1 funding and any subsequent Tranche 2 funding decision.

7.2.14 In the event that the Meridian Water development agreement is not signed, none of the heat agreements other than in respect of the Estate Renewals Schemes will be signed.

7.2.15 In the event that Tranche 2 funding is not forthcoming, limited works should have been instructed to that point and each of the agreements contains either a termination right or rights that can be used to bring about termination (e.g. a longstop date in the DBO contract for the instruction of Tranche 2 works).

Parent Company Guarantees

7.2.16 **Guarantees required to support energetik entering into the Heat Supply Agreement, Agreement for Lease and Lease:** energetik intends to enter into these agreements as a means of obtaining greater certainty that North London Waste Authority will deliver items which are important to the future performance of the heat network (e.g. the Energy Recovery Facility, from which energetik will purchase heat).

7.2.17 It is proposed that the Council will enter into two separate guarantees (on the same terms), one in respect of the Heat Supply Agreement and a second covering the Lease and Agreement for Lease. Under each guarantee, the Council shall from execution guarantee the financial obligations of energetik under the relevant document. There is no obligation to carry out the role of energetik. Neither guarantee may be called upon until NLWA as claimant has issued a Warning Notice to the Council and where the notice is disputed by energetik; the dispute resolution process must be followed before a claim can be made directly against the Council. The maximum liability under the HSA guarantee is £5,000,000 unless waived by the option of energetik or uncapped in accordance with legislation. There is no liability cap in the Agreement for Lease or Lease (a market norm for property leases). However exposure to liability to both energetik and the Council is mitigated as much as possible by the inclusion of a number of market lease provisions to restrict the likelihood of there being a tenant liability, as with market norm provisions.

Project Security Package

7.2.18 PWC assessed the key security package and investment risk considerations with respect to the initial £15 million (entire Tranche 1 investment, including £4.37 million development costs). In this context they considered:

Design, Build and Operate contractor

7.2.19 Vital Energi has been selected as the preferred DBO partner but not yet appointed.

7.2.20 A contracting basis is being proposed that includes a standard basis for design and build and allows for delivery of specific works to be undertaken on a fixed price basis. As yet, a scope and fixed cost for the key works outlined in Phase 1 of Meridian Water have not been agreed with Vital Energi. This will happen once Barratt's detailed development programme has been agreed. Whilst the exact scope is not known, energetik has a detailed

schedule of rates derived through the competitive tendering process. This enables such variations to be priced, as is the norm for contracts where the complete scope cannot be determined at the time of tender.

Mitigation

7.2.21 If an acceptable fixed price for the Phase 1 works cannot be agreed with Vital Energi, then energetik retains the right to procure another contractor to deliver the works.

7.2.22 Should the work be agreed with Vital Energy, where necessary, its performance and financial obligations will be supported by its parent company, Vital Holdings Limited. The guarantee being provided by Vital Holdings Ltd is uncapped.

7.2.23 PWC's analysis highlights that Vital Holdings Limited has:

- Turnover, as at 30 June 2015, of £54m, down from £58m in 2014
- Net assets of £10.7m, an increase from £9.1m in 2014
- Dun & Bradstreet credit report rates Vital Holdings Ltd as 3A2, and indicate that c. 77% of UK businesses are higher risk than the company

The scope of the work for Tranche 1 for the DBO contractor is around £5 million of the £10.63 million, which is comfortably within the asset value and a small percentage of the annual turnover of the company.

7.2.24 The existence of this parent company support, provides additional comfort over Vital Energi's ability to meet its obligations of the DBO contract in Phase 1 of Meridian Water.

7.2.25 The contract with Vital Energi contains a longstop date and termination right at the end of the two year period in the event that Phase 2 Meridian Water works are not instructed. This can be used as a termination right in the event that energetik is unable to secure follow-on investment.

7.2.26 energetik will monitor the financial strength of the DBO partner and parent over the course of Tranche 1 and that it is subject to further, more detailed review ahead of any Tranche 2 investment being agreed.

Customer Services Agreement

7.2.27 energetik selected Switch 2 Energy Ltd as the preferred bidder for this contract.

Mitigation

7.2.28 energetik is protected by an annual cap on liabilities under this contract amounting to 100% of the annual fee payable to the contractor. Operation of this cap is subject to further clarification.

7.2.29 Similarly energetik would propose to novate this contract to a third party in the event that Meridian Water Phase 2 funding is not forthcoming, with a no-penalty termination right arising by 2024, giving time for sale of the Estate Renewal schemes if necessary.

Other Agreements

- 7.2.30 There are other agreements that either the Council has, or intends, to enter into (e.g. Development Agreements on the three Estate Renewal schemes and Meridian Water) or energetik has or intends to enter into (e.g. Connection and Supply Agreements). Each of these creates potential obligations for the Council and / or energetik.
- 7.2.31 With regard to the former, the Council has or will enter into these development agreements with the respective developers on each of the schemes. Under these contracts, it is proposed that the developers are obligated to develop a heat network which is capable of connection to the heat networks once available, with a no-penalty termination right arising by 2024, giving time for sale of the Estate Renewal schemes, should that be necessary.
- 7.2.32 In the event that energetik is unable to fulfil this role (via the Connection and Supply Agreement, for example), or it does not secure follow-on investment to allow it to continue in this role, it is intended that contract to be novated to a third party ESCo.
- 7.2.33 Generally, in relation to the contracts to which the Council is not a party (such as the supply/connection agreements and contracts for construction and operation), the Council carries a reputational risk if these are not performed. The possible risk of third parties seeking recourse against the Council as owner of the business (LVHN Ltd and its subsidiary, energetik) cannot be ruled out (although the Council could rely on the limited liability status of the companies).
- 7.2.34 Agreements between the Council and energetik (the Portfolio Agreement for example) create limited risk exposure as the Council has ultimate control of the companies.
- 7.2.35 Where the Council has a relationship with the companies as lender (under the loan agreements) the primary risk is of default, mitigated via the Council's oversight of the business.
- 7.2.36 **Leases:** with respect to the Lee Valley Heat Network and Estate Renewal heat networks, energetik will enter in to all necessary leases and easements in respect of all relevant energy centres and pipe network. In respect of the Estate Renewal heat networks, this will be delivered via the relevant development agreement between the Council and the developer.
- 7.2.37 **Debt vs. Equity:** since the project is being funded entirely by means of loans to energetik, without any equity participation, there are greater risks in the project. That is because any shortfalls in revenues may more immediately put energetik in breach of its loan obligations, without the buffer of equity participation.

7.3 Property Implications

7.3.1 With respect to the Lee Valley Heat Network, energetik will be responsible for obtaining planning consent, necessary property rights and statutory approvals. Working towards obtaining these approvals has commenced to mitigate risk to the business as follows:

- Planning: energetik working with their architects and engineering consultants have created an outline design for the energy centre proposed at the EcoPark and discussed its design with Enfield's planning team, urban regeneration team and the landlord NLWA. Comments received to date have been incorporated into the evolving design to mitigate potential risks to planning or landlord approval. This soft landing approach will be continued by also submitting a pre-planning application prior to the formal planning application in 2017
- Statutory Approvals: through the process of developing the present outline design by the DBO Contractor, responsibility for discharging all necessary statutory approvals, including at the operational stage has been contracted through the DBO Contractor
- Property Rights Required:
 - energetik is in the process of finalising the lease and easement agreement with NLWA for the energy centre and pipe network on their land
 - The route of the heating network from the energy centre to Meridian Water has been proven via a detailed review of utility drawings, site investigation and ground penetration radar surveys to demonstrate via 3D drawings that an unimpeded route is viable. The route follows Council adopted highways, with the exception of four small parcels of land. Two of the land owners are involved with land swap deals with the Council due to Meridian Water, one landowner has a section 106 obligation to provide a pipe easement to the business, and the other land owner is controlled by the GLA. energetik has employed specialist property lawyers who do not envisage any problems obtaining the necessary property rights required from these four land owners. Detailed discussions with the land owners will commence in 2017, well ahead of the network installation of in 2019
 - The Meridian Water developer is required to provide property rights as required for the LVHN heat network via the development agreement and is intended to be re-enforced via a section 106 obligation

7.3.2 With respect to the Estate Renewal heat networks, the developer is required via the development agreement with HRA for obtaining planning consent, necessary property rights and statutory approvals. These are then passed down to energetik via a lease and asset adoption agreement.

8. KEY RISKS

8.1.1 **Section 9 of the Business Plan considers the key strategic risks to the business, and sets out the ways in which they have been or could be mitigated.**

8.1.2 A risk management framework and detailed operational Risk Register has been developed and audited externally, which follows the Council's own risk management procedures. It is reviewed and updated on a monthly basis to record mitigating actions taken to reduce the risks and protect the Council's reputation.

8.1.3 Sensitivity Analysis has been undertaken for the three most significant business risks to determine how realisation of these risks would impact on the IRR and capital programme, as shown in the Business Plan. The three scenarios are NLWA Delivery, Slow Build-Out Rate and Potential Change in Interest Rates.

8.2 - See Part 2 report

8.7

8.8 The Council and company agree key contracts out of sequence

8.8.1 This would create exposure for the Council. The agreed mitigation is a combination of building in the ability to terminate some contracts; the ability to adjust programme; and the ability of the Holding Company Board to manage the timing of signing of contracts and giving instructions. This will be monitored by the Council's Programme Board.

8.8.2 energetik will be entering into a number of other key contracts. The exposure of the Council under these contracts is detailed in the legal implications.

8.9 Parent Company Guarantees

8.9.1 If energetik defaults under the Heat Supply Agreement, the Lease or Agreement for Lease, the Council is exposed as guarantor of the financial obligations of energetik but will not be obliged to carry out its role.

8.9.2 The maximum liability under the HSA guarantee is £5,000,000 unless uncapped in accordance with legislation. There is no liability cap in the Agreement for Lease or Lease, however exposure to liability to both energetik and the Council is mitigated as much as possible by the inclusion of a number of standard market lease provisions.

8.10 energetik Does Not Achieve Its Forecast Return

8.10.1 Detailed governance controls have been put in place to ensure that all is done to mitigate this risk over the lifetime of the project.

8.10.2 The Council, through its role as 100% shareholder and its members and officers sitting on the Holding Company Board, will be fully informed as to the operating efficiency and financial performance of energetik through the provision of regular financial management reporting.

8.10.3 If energetik's financial performance fails to deliver and is due to external factors outside of the control of the management team, the operating costs and expenditure would be restructured in such a way that ensures that it delivers expected returns as is the norm for any successful, commercial entity.

8.10.4 If energetik defaults under its loan agreements with the Council – see section 7.2.12 above.

8.11 See Part 2 of the report

9 IMPACT ON COUNCIL PRIORITIES

9.1 Fairness for All

The heat networks will help tackle inequalities in the borough by:

9.1.1 Providing an affordable service:

- The Council is best placed to provide fair pricing across developments served by district energy networks managed by energetik, whilst ensuring each site remains economically viable in its own right. If left to the private sector, it would not be possible to deliver a fair pricing strategy across community energy developments within the borough. Prices can vary dramatically from scheme to scheme when delivered by a private ESCo, due to their pricing methodologies and the requirement of a higher return on investment
- By delivering multiple schemes under one entity owned by the Council, heat tariffs can be structured fairly and balanced across all schemes. These tariffs will be fair and benchmarked against gas on an annual basis to keep prices stable for customers, with a number of payment options available, designed to suit individual circumstances. The business has pledged to sign up to the principles detailed by the Association of Decentralised Energy (The ADE)

9.1.2 Providing a high quality, accessible service:

- Through the provision of a highly skilled customer service operator, energetik will provide a single point of contact for queries, with rapid response times in place if something goes wrong and compensation if obligations are not met. The strategic approach adopted provides all energetik developments with high quality, uniform treatment of customers that takes into account their individual needs and any vulnerability

9.2 Growth and Sustainability

energetik is a catalyst for the Council's ambitious plans for regeneration of deprived areas and sustainable economic growth. It addresses these plans in the following ways:

9.2.1 Maintaining a clean, green, sustainable environment:

- The Lee Valley, Montmorency, Alma Road and New Avenue Heat Networks will contribute to carbon reduction in the borough through its design as an inherently low carbon heating network, helping Enfield as well as businesses in the borough reach their carbon reduction targets. It will help meet Enfield 2020's 40% carbon reduction target for the Borough by 2020
- A highly insulated and efficient network is better for the environment than the equivalent high efficiency domestic gas boiler alternative. Homes connected to the estate renewal networks for example will save 194kg of CO2 per annum, a 30% reduction in carbon footprint than the same home with gas installed
- energetik is one over 50 large scale sustainability projects in the Enfield 2020 Action Plan, making Enfield a better place to live, work and visit

9.2.2 Bringing growth, jobs and opportunities to the Borough:

- The energy infrastructure that will be delivered will underpin Enfield's regeneration ambitions
- energetik will be able to provide a secure supply of low carbon heat to local businesses close to the Lee Valley Heat Network and the Estate Renewals
- It will support inward investment opportunities by providing an energy efficient, low carbon platform to attract new businesses to Enfield, helping deliver the Mayor of London's and the Council's regeneration aspirations
- A Targeted Recruitment and Training Plan (TR&T) was included within the DBO and customer services tenders, requesting tenderers to propose how they would deliver recruitment and training in the Borough. This includes apprenticeships, work placements and employment opportunities for those in long term unemployment. There are clauses within the relevant contracts requiring the contractors to work in partnership with energetik to ensure, as far as is reasonably possible, recruitment happens within the Borough

9.3 Strong Communities

9.3.1 Community engagement and enabling is a cornerstone of the business' delivery model. This in turn promotes stronger, more cohesive communities and active citizenship. The community impact of the project can be described as follows:

- An innovative approach to community engagement will ensure that the local community is involved and understands what energetik is, what it is trying to achieve and how this will benefit them
- Helping people to understand and manage their own energy use whilst assisting others to do the same encourages active citizenship

- The new homes that will be supplied will be more energy efficient, helping customers stay warm and well, and making people proud of where they live
- Public health will be improved through cleaner air and there will be no risk of carbon monoxide poisoning associated with gas boilers
- The Council-owned energy company will provide local benefits through jobs and employment opportunities as well as supporting a major boost to the local economy

10 EQUALITIES IMPACT IMPLICATIONS

- 10.1 An EQIA Assessment has been undertaken. It identified that the recommendations in this Cabinet Report are unlikely to have a significant impact on the protected characteristic groups or the way that individuals access information or services. An EQIA Action Plan has been created and will be regularly reviewed and updated.

11 PERFORMANCE MANAGEMENT IMPLICATIONS

- 11.1 Lee Valley Heat Network Ltd and its 'energetik' subsidiary have been trading since September 2015 in accordance with its Articles of Association. The performance of energetik is managed through one-to-ones; team meetings; the monthly OpCo Board meeting; and regular HoldCo Board meetings.
- 11.2 Regular reports are prepared on the programme, budgets, the business' Risk Register and energetik's overall performance, including Highlight Reports. An independent Audit Committee has also been established.

12 HEALTH AND SAFETY IMPLICATIONS

- 12.1 The corporate Pre-Qualification Questionnaire addresses issues of Health and Safety management by any provider being considered for invitation to tender for a qualifying council contract.
- 12.2 The contractor presents 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.
- 12.3 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.
- 12.4 Pre-Qualification Questionnaire responses are checked for completeness and compliance before they are assessed to ascertain whether they attain the required "Pass" status.

- 12.5 energetik 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.
- 12.6 The Design, Build, Operate and Maintain contract, the O&M Agreement and the Customer Services Agreement has followed the procedure set out above.
- 12.7 The business shall adhere with all new and up to date CDM regulations.
- 12.8 energetik appointed Frankham Consultancy Group Limited as its specialist CDM Co-ordinator. However, with the introduction of CDM 2015, the CDM Co-ordinator role no longer exists. Therefore, as part of the CDM Transition, Frankham Consultancy Group Limited role as CDM Co-ordinator has ceased and has been transferred to the regulatory role of Principal Designer.
- 12.9 Once appointed, the Design, Build and Operate contractor shall undertake the regulatory role of Principal Designer and Frankham Consultancy Group Limited shall undertake the non-regulatory role of Advisor to Client.

13 HR IMPLICATIONS

- 13.1 The Council is an accredited London Living Wage (LLW) Employer. The Council will use its best endeavours to ensure that to the extent permitted by law, contractors pay the LLW.

14 PUBLIC HEALTH IMPLICATIONS

- 14.1 energetik will deliver significant economic, environmental and social benefits.
- 14.2 Climate change is a major threat to public health. energetik 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. The business is hugely important for meeting London's carbon reduction targets.
- 14.3 energetik will deliver better value 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 who live in them, through reductions in vascular and respiratory disease and by reducing social isolation.

Background Papers

None

Appendix 1, energetik's Residential and Commercial Offer

Better value for money	
Benefits for residential customers	Benefits for commercial customers
<ul style="list-style-type: none"> • We don't charge a premium for low carbon heat • The cost of a traditional private ESCo providing the same residential service would typically be 40% higher on a 'like for like' infrastructure scheme, to enable them to achieve a typical target IRR of 12%. • Private-sector ESCOs are unlikely to connect to the ERF, instead going for gas CHP. This removes the opportunity to supply customers with a very low carbon heat source • As has been proven elsewhere in the UK, private developers are also generally unlikely to seek to expand their community energy networks for additional local benefit beyond their initial project boundary • energetik's forecast 6.74% IRR provides a benefit to the end customer, with a better quality scheme that enables a fair price for consumers, whilst providing an acceptable return to the Council • Residential pricing will be benchmarked annually against gas • All homes will have a state-of-the-art smart meter to control consumption and review carbon savings • Fair tariffs, using common charging for all residential customers • Stable charges: only annual change to prices 	<ul style="list-style-type: none"> • Secure and low carbon source of heat, which is competitively priced • Bespoke commercial offers depending on heat load and proximity to the network

Better for customer service	
Benefits for residential customers	Benefits for commercial customers
<ul style="list-style-type: none"> • Reliable and secure supply of heat • A single UK based high quality Customer Service Centre, which is also available online: for all issues and enquiries • Flexible appointment times • 24/7 x 365 Call out • Smart meters with easy to use displays, to help customers manage their energy use • Individual billing for heat supply to each customer 	<ul style="list-style-type: none"> • Reliable and secure supply of heat: • Rapid response times to fix faults, and compensation if we fail to meet our service commitments • energetik's move towards a local supply of heat means better energy security and less reliance on the National Grid and imported fuel • No requirement for annual gas safety checks
Better for the environment	
Benefits for residential customers	Benefits for commercial customers
<ul style="list-style-type: none"> • Low carbon, clean energy • Homes connected to energetik's Estate Renewal heat networks will save 194 kg of CO₂ per year. This is a 30% smaller carbon footprint than residential properties equipped with high efficiency gas boilers • Significantly reduced Nitrogen Oxide (NOx) emissions 	<ul style="list-style-type: none"> • Low carbon, clean energy • Helping businesses meet their statutory and/or voluntary carbon reduction targets e.g. Carbon Reduction Commitment / Corporate Social Responsibility • Reputational benefits of using low carbon energy • Highly insulated pipe work maximising efficiency and minimising heat loss across the networks
Better for people's health	
Benefits for residential customers	Benefits for commercial customers
<ul style="list-style-type: none"> • Warm homes • Cleaner air • No risk of carbon monoxide poisoning or explosion due to gas boilers in the home 	<ul style="list-style-type: none"> • Cleaner air • Businesses contributing to improving their local environment and their community's wellbeing • No risk of carbon monoxide poisoning or explosion due to gas boilers
Better for the local economy	
Benefits for residential customers	Benefits for commercial customers
<ul style="list-style-type: none"> • energetik's low carbon energy infrastructure underpins Enfield's regeneration ambitions • Council-owned energy company provides local benefit • Supports local jobs and businesses • PWC forecast a direct GVA impact from energetik of up to £128.6 million gross monetised benefit over 40 years, with NPV of £50.1 million 	<ul style="list-style-type: none"> • energetik's low carbon energy infrastructure underpins Enfield's regeneration ambitions • Secure supply of low carbon heat for local businesses • Supports local jobs and businesses • Supports inward investment opportunities, helping attract new businesses to Enfield

Better through innovation	
Benefits for residential customers	Benefits for commercial customers
<ul style="list-style-type: none"> • Highly insulated network ensures a fair price for consumers • Innovative approach to community engagement that starts with the customer • We are investing for network expansion • Council-owned local energy company for local benefit 	<ul style="list-style-type: none"> • We are investing for network expansion • Council-owned local energy company for local benefit

Appendix 2, Value for Money Statement

The Strategic Context

The delivery of heat networks is aligned with national, regional and local policy on community energy networks, which is a requirement for all large developments in Enfield.

As noted in Section 3, the UK is committed to heat networks at both national, regional and local levels, with strong policy support to deliver heat networks as a means by which to deliver its carbon reduction targets. One of the key ways in which to deliver such savings is through the decarbonisation of space heating, as heating and hot water for UK buildings make up around 40% of energy consumption, and around 20% of greenhouse gas emissions. Two thirds of these emissions are from housing, with the rest from commercial, industrial and public premises.¹

The energetik Business Plan also fully aligns with the Council's corporate priorities of Fairness for All; Growth and Sustainability; and Strong Communities as detailed in Section 9.

Enfield's Decentralised Energy Network Supplementary Planning Document was approved in December 2015 and takes national and regional policy a step further. It requires the technical specification of heat networks in new developments in Enfield to ensure a fair price for consumers.

Enfield's residents and businesses will benefit from energetik being able to respond to this technical specification. By the Council undertaking this project and entering the heat market, it is able to take a long-term view on its investment for local benefit.

energetik customers will be charged a fair price for their heat whilst receiving higher standards of customer service than could be offered by a private EScO. Residential prices will be benchmarked annually against gas, with no premium for low carbon heat. energetik's financial model ensures this is possible, whilst providing an acceptable commercial return to the Council.

The Council has committed to cutting carbon emissions by 40% in the borough by 2020. One key way of delivering the low carbon regeneration aspirations is through the delivery of a city-scale heat network to provide heating and hot water to the Meridian Water housing development and estate renewal schemes at Montmorency Park, Electric Quarter, Alma Road and New Avenue. Specifically in relation to Meridian Water, the Council is the only entity capable of negotiating a deal with the NLWA and therefore able to provide a very low carbon heat source, crucial in achieving the overall carbon savings targets.

Council intervention has been deemed necessary due to the current standards of delivery of heat networks by the private-sector. Whilst standards are generally improving, they are not yet in a state to deliver high quality and reliable district heating at affordable prices to end users, whilst generating a reasonable return for

¹ The Committee on Climate Change's October 2016 report "[Next Steps for UK Heat Policy](#)"

the investor. Disparate systems, delivered by multiple ESCOs across boroughs can result in a lack of synergy and joined up thinking, and the standards can vary widely leading to poorly designed, inefficient systems where local residential and business customers have to pay to cover the cost of a poor performing system that is not built to last.

The Council's intervention in the marketplace is justified on the basis that it can take a longer term view on its investment, whilst delivering a better quality system that will last longer and can generate real benefits for its residential and business customers. Whilst the private-sector capital costs may be cheaper, the cost to customers is generally higher due to poor standards of insulation.

The Council also has access to lower rates of borrowing, meaning that an acceptable rate of return can be achieved, whilst delivering an exemplary heating system that will continue to provide sustainable energy far longer than current market offerings, whilst not charging a premium to the end user.

The added benefits generated by the Business Plan are described in Appendix 1 and include carbon reduction, cleaner air quality, and the provision of secure and reliable heat at a fair price. energetik's base case Business Plan is forecast to save 250,000 tonnes of carbon and 70,000 kg of NOx over 40 years.

The key risks are manageable as the Council has an ability to secure the heat demand. A phased delivery approach has been developed so that the network can grow with demand, and contracts have been structured in such a way as to ensure that risk exposure is minimised. Active risk management processes are in place to continually monitor and manage risks, and an independent Audit Committee has been created to scrutinise the financial and risk management actions of the company.

The Economic Context

From an economic perspective, the Business Plan focuses on providing best value to both the Council and energetik's customers. In considering the energy strategy to deliver both carbon efficient and cost effective space heating at Meridian Water and the Estate Renewal schemes, the alternative options have been considered and were deemed unsuitable as detailed below.

For a housing development the size of Meridian Water, and in the policy context of the UK, London and indeed at local authority level, district heating is the only viable option able to deliver an energy strategy able to support the housing density planned. Supplying gas to properties is both difficult in terms of legislation and health and safety, and is not a low carbon option. Individual electrical space heating is both more expensive to customers and is not a low carbon option.

An alternative option to energetik delivering the heat supply would have been to allow the developers to deliver their own energy strategies, or to let the delivery of space heating as part of a competitive tender for the entire heat network. However, for the reasons described in section 5, this would not have provided the required levels of carbon savings, quality installation and lower pricing to customers.

There would be no joined up approach to delivering an energy strategy that would serve so many customers, and costs to end users would invariably increase due to the higher rates of returns expected by private-sector ESCos. Heat Network standards would be likely to be more like British Standard, as opposed to the higher quality standards required in Scandinavia and Germany, meaning that the systems would not last as long, would provide less comfort and be less efficient.

Whilst there are risks associated with taking on the delivery of a heat network of this scale, by allowing the market to dictate its own direction, the Council, and its residents, would not gain any of the benefits that can be delivered as a result of doing it themselves, both economically and in terms of quality.

The Commercial Context

energetik's prudent business case is financially sound and affordable, with a financially viable business case that provides the Council with an acceptable investment return.

energetik demonstrates commercial viability through its financial model and is robust enough to cope with changes in market conditions, whilst still delivering a secure heat supply to thousands of residents in the borough at a stable price comparable with gas.

There is also scope for increased revenue and returns to the Council through future expansion of the network. More connections provide more customers and increased heat revenues. The current business case is based on a prudent number of connections, which the Council has an ability to deliver by means of its role in managing developments. Should the potential of the network be realised through expansion as is expected, the rates of return will be much higher. Coupled with an intention to enter the electricity supply market, revenues are likely to increase beyond the base case, with energetik able to offer both low carbon electricity and heat to its customers.

Once the Council decided to investigate the viability of delivering a heat network itself, actions were taken to identify if a viable and well-structured deal could be procured. This was in the form of initial feasibility studies, and later by the development of cost estimates and tenders.

energetik prepared a series of tenders to procure the main contracts, namely the Design Build and Operation (DBO) of the heat network and energy centre and the provision of a quality customer services contractor. After preparation of specifications and tender documentation, these tenders and specifications were subjected to cost estimations from quantity surveyors to understand and refine the project budgets and financial models.

The Council's procurement processes were used to run two tenders through the Official Journal of the European Union (OJEU), and the tender responses that were received and subsequently scored were deemed to be of the right quality and within the budgets expected (see section 7.2.20). Furthermore, they were all within the viability criteria to allow the Council to make a return on investment and deliver the expected benefits.

Preferred bidders were selected as a result and await official contract award post the Council's main investment decision in energetik.

From a commercial perspective, the contracts to be let have all been drafted in a way that wherever possible protect the Council from risk exposure. For example:

- The DBO contract has been broken into separate works packages so that the design and planning submission phase can be undertaken, without a requirement to continue to the build phase to protect the Council should there be any unforeseen changes to the build programme at Meridian Water. There is also a long-stop date to allow termination should the next tranche of Council funding not be approved for any reason.
- The customer services contract can be terminated seven years after entering into contract. Until that date, the contract will be required to support the estate renewal heat networks that are already in development. No compensation is payable to the customer services contractor for early termination
- Should energetik be wrapped up or sold, or is unable to continue operation for any reason, connection and supply agreements are able to be novated to incoming ESCos. All rights, benefits, obligations and liabilities are able to be transferred.
- The Agreement for Lease with the NLWA can be terminated by energetik. energetik can already terminate the Agreement for Lease if it has not requested the Lease. If Tranche 2 funding is not forthcoming, energetik will not build its energy centre at the EcoPark and thus will not have requested the Lease (which otherwise would be requested on completion of the energy centre build). Even if energetik had commenced works at the EcoPark, as long as energetik reinstate the EcoPark site to its original condition then the Agreement for Lease can still be terminated. No compensation will be payable.
- The Heat Sale Agreement with NLWA can be terminated. Upon termination of the Agreement for Lease, energetik is entitled to terminate the Heat Supply Agreement. No compensation will be payable

The Financial Context

As is demonstrated in the energetik business case, there is an adequate internal rate of return to the council of 6.74%, with a Net Present Value of £10.3 million over the 40 year business plan.

In addition to the revenue generated over the cost of capital, the Council will receive an interest rate premium of £5.97 million NPV from energetik paying back the loans and can expect up to £800,000 per year business rates once the main network is built, calculated using the existing standard valuation method for this type of business.

These figures are based on a prudent 15,500 connections that are within the Council's control. If the number of connections increase through business expansion, as is expected via the business development strategy and future estate renewals under the Portfolio Agreement, the IRR will increase.

The first tranche of £12 million required to fund the project has been provided by external lenders (LEEF and the EIB) at low interest rates and demonstrates that the project has gained investor confidence and support. Furthermore, housing zone grant funding from the GLA to the sum of £3.7 million has been secured for the project which is a zero interest loan. This investor confidence shows that the project is viable and supported externally.

The second tranche of funding to cover the main build out programme has been provisionally offered by LEEF if required, as well as a provisional offer from the Green Investment Bank, which provides further evidence that the energetik business is supported by reputable lenders.

The final decision on how to bridge the funding gap between the Tranche 1 and Tranche 2 investment phases will be for the Council to decide, depending on the interest rates and best commercial offer available at the time. This may come from external lenders such as LEEF or the EIB, or may be taken in the form of loans from the Public Works Loans Board.

PWC were commissioned to undertake economic modelling, calculating that the energetik business case is forecast to deliver significant economic, environmental and social benefits, with up to £225 million gross monetised benefit over 40 years, a Net Present Value of £94.7 million and a cost benefit ratio of 3.4.

Working with PWC, a number of other non-financial benefits were also identified that were not possible to quantify in value terms. These included strategic benefits of delivering a Council-owned heat company; the ability to provide warmer homes and cleaner air; and the benefits of providing state of the art smart metering to customers.

The Management Context

In assessing the value for money contribution to the project, a key element is to ensure that it is capable of being delivered successfully and in accordance with best practice.

Whilst investigating the possible delivery options available to the Council in the early stages, a team of experts was assembled from various parts of the district heating and utility services industry to help formulate the business case and delivery strategy.

The energetik team has worked on and delivered some of the largest district heating systems in the country in their previous roles, and have owned and managed successful private-sector businesses in the industry. The advantage this brings to the Council is the broad spectrum of stakeholders the team have experience with, having worked alongside both large-scale private sector developers and local authorities alike. As a result, they have a deep understanding of the needs of stakeholders in the value chain, from local authority managers to social housing tenants, and are best placed to ensure that each stakeholder's specific requirements are balanced with delivery of a successful business.

With over 100 years of combined knowledge and experience in the industry, the

energetik team has the required skills in commercial and financial strategy; technical design; project management; construction and commissioning; maintenance; and customer service and billing to ensure that energetik has the best possible in-house knowledge.

Some of the energetik team were also members of the founding body which is now the Heat Trust, so understand the issues and practicalities of delivering district energy to communities.

In terms of construction and project management, the energetik team has vast experience in delivering heat networks of this size, as well as other large-scale projects. The team's project manager has worked on many prestigious projects, including the Olympic Park and Athletes Village. The Millennium Dome (now the O2 Arena), Royal Ascot Racecourse and the Rugby World Cup, and is an expert in delivering large scale infrastructure projects on time and to the required standards, whilst following recognised programme and project management methodology.

Once energetik receives a positive investment decision, a full project management methodology will be developed with the businesses' contractors to ensure that the construction is managed effectively, change is managed appropriately and risks are constantly reviewed and mitigated.

The contractors who have been selected to deliver the infrastructure elements are industry leading experts in the UK, again ensuring that the Business Plan is deliverable.

The Business Plan and Cabinet Report have been reviewed and validated by a Gateway Review undertaken by KPMG, with a recommendation to progress to implementation. This demonstrates that the proposed business is robust, financially viable and well managed.

The Holding Company Board is made up of both senior officers and members, which provides the scrutiny required from the Council to ensure the project remains on track. In addition, the independent Audit and Risk Committee has been set up to regularly monitor project risks to ensure the management is performing as expected.

Regular board meetings are held, with budgets and operating plans submitted for approval to the Holding Company Board to ensure the Council maintains visibility on how the business is progressing.

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MUNICIPAL YEAR 2016/2017 REPORT NO. **193**

MEETING TITLE AND DATE:

Full Council, January 2017

REPORT OF:

Executive Director of Finance,
Resources and Customer Services

Contact officer and telephone number:
Asmat Hussain, Assistant Director of Legal
& Governance. Telephone: 202 8379
6438

Christine Webster, Head of Audit & Risk
Management, Telephone: 020 8379 5837

Agenda - Part:	Item: 11
Subject:	
Changes to arrangements for the appointment of External Auditors	
Wards:	
Cabinet Member consulted:	

1. EXECUTIVE SUMMARY

- 1.1 This report summarises changes to the arrangements for appointing external auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits. The Council is required to consider the options available and put in place new arrangements in time to make a first appointment by 31 December 2017.
- 1.2 The Executive Director of Finance, Resources & Customer Services has already consulted CMB and the Leader, and has advised that the Council should opt for the sector led body approach, whereby the external auditor for the Council and pension fund from 2018/19 will be appointed by Public Sector Audit Appointments Ltd.

2. RECOMMENDATIONS

Full Council is asked to:

- 2.1 Note the options appraisal set out in this report for appointing the external auditor by 31 December 2017.
- 2.2 Agree with the recommendation of the Executive Director of Finance, Resources and Customer Services that the Council should opt in to the sector led body approach, and that the external auditor for the Council and for the pension fund from 2018/19 should be appointed by Public Sector Audit Appointments Ltd.

3. BACKGROUND

- 3.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State for Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18. The Act also provides for the appointment by the secretary of state of a 'sector led body' to be an appointing person. This body would provide the option of a managed appointment process for those who wished to select it. Public Sector Audit Appointments Ltd (PSAA) has now been approved by the Department for CLG to be a sector led body for principal authorities – councils, police and fire bodies.
- 3.2 Under Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, the decision for the Council to appoint its own external auditors itself or to join the sector led approach must be made by Full Council and cannot be delegated.
- 3.3 The Council's current external auditor is BDO, who were appointed under a contract let by the Audit Commission in 2014/15. Following closure of the Audit Commission the contract is currently managed by PSAA, the transitional body set up by the Local Government Association (LGA) with delegated authority from the Secretary of State for CLG.

Proposal and reasons

- 3.4 When the current transitional arrangements come to an end on 31 March 2018 the Council will be able to move to local appointment of the auditor for a period of up to five years. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.
- 3.5 The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The Local Audit Register maintained by the Institute for Charter Accountants (England and Wales) currently contains nine firms, including our current auditor.

Options for appointing the external auditor

- 3.6 There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act) which are set out below, along with consideration of the advantages and risks for each option:

Option 1: Make a stand-alone appointment

3.7 In order to make a stand-alone appointment the Council will need to set up an Auditor Panel. The members of the panel must be wholly or a majority independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Council's external audit. A new independent auditor panel would need to be established by the Council. The Panel would be responsible for selecting the auditor and recommending their appointment to Full Council.

Advantages/benefits

- Setting up an auditor panel allows the Council to take maximum advantage of the new local appointment regime and have local input to the decision.

Disadvantages/risks

- Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances.
- The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.
- The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by elected members.

Option 2: Set up a Joint Auditor Panel/local joint procurement arrangements

3.8 The Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (non-elected members). Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council need to liaise with other local authorities to assess the appetite for such an arrangement.

Advantages/benefits

- The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
- There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

Disadvantages/risks

- The decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent auditor panel is used or possibly only one elected member representing each Council, depending on the constitution agreed with the other bodies involved.
- The choice of auditor could be complicated where individual Councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory

work for the Council. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

Option 3: Opt-in to a sector led body (SLB)

- 3.9 To follow a sector led approach by which an ‘appointing person’ operates a nationwide, EU compliant procurement and appoints on the Council’s behalf, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector. PSAA was confirmed as an appointing person by the Secretary of State in July 2016. PSAA is a subsidiary of the Improvement and Development Agency (IDeA) which is wholly owned by the LGA.

Advantages/benefits

- The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities.
- By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation.
- Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.
- Opting into the appointing person scheme removes the need to set up a separate independent auditor panel, comprising a majority of independent (non-elected) members.

Disadvantages/risks

- Individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.
- In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need Councils to opt-in before final contract prices are known.

Preferred option

- 3.10 As all external auditors will be required to meet common standards and codes, all three options for appointment are likely to deliver the same quality of service. Auditor costs are likely to be the same, irrespective of the route of appointment, with PSAA potentially able to negotiate cheaper rates due to bulk discount rates. If necessary, members will be able to influence the appointment retrospectively through PSAA, should there be any concerns or performance issues identified after the event. For these and the reasons set out above, it is recommended that Option 3, the sector led approach, is the most appropriate option and therefore, the Council should opt in to appointing person arrangements.

- 3.11 CMB and the Leader have been consulted, along with colleagues in professional networks, prior to drafting this report. In addition, this paper has been shared with Members of the Audit & Risk Management Committee, who were content with the recommendation.

Next steps

- 3.12 The Council has until December 2017 to make an appointment. In practical terms, this means one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.
- 3.13 Following the appointment of PSAA in July 2016 the Council received an invitation to opt in to the Sector Led Body. Under the Regulations, a decision to opt in has to be approved by Full Council and cannot be delegated. It is proposed that the options set out above are considered and that the favoured option is approved by Full Council at the January 2017 meeting. This will enable the Council to respond to the invitation to opt in within the required timescale.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The options available have been set out in Section 3 of this report.

5. REASONS FOR RECOMMENDATIONS

- 5.1 These items are being brought to the attention of Full Council, in line with the requirements of Regulation 19 of the Local Audit (Appointing Person) Regulations 2015.

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

6.1 Financial Implications

The cost of establishing a local or Joint Auditor Panel outlined in options 1 and 2 above have not been included in the Council's budget for 2015/16 and would need to be estimated and included in the Council's budget for 2017/18 if either of these options were recommended to Council. This would include the cost of recruiting independent appointees (members), servicing the independent Panel, running a bidding and tender evaluation process, letting a contract and paying independent members' fees and allowances.

If options 1 or 2 are pursued this would involve an OJEU compliant exercise being conducted by officers. If option 3 is recommended then all procurement activity would be undertaken by the PSAA on the Council's behalf, in compliance with EU procurement rules.

Opting-in to a national sector led body provides maximum opportunity to limit the extent of any cost increases by entering in to a large scale collective

procurement arrangement and would remove the costs of establishing an independent auditor panel.

6.2 Legal Implications

Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements;

Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector led body to become the appointing person.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 states that the decision for the Council to appoint its own external auditors, including opting in to the sector led approach, must be made by Full Council.

6.3 Property Implications

There are no property implications.

7. KEY RISKS

There is no immediate risk to the Council; however, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.

Opting in to the PSAA arrangement when the invitation to do so is received, which indications suggest is the approach likely to be taken by most local authorities, will enable the PSAA to obtain greatest economies of scale through competition and to invest in developing appropriate arrangements to support the Council through the management of these contracts and future procurement of contracts when they are due for renewal.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

An effective external audit service helps to ensure proper governance of financial affairs to support the delivery of high quality, affordable, accessible services to all residents.

8.2 Growth and Sustainability

An effective external audit service will help the Council achieve its objectives in the area of growth and sustainability.

8.3 Strong Communities

An effective external audit service will help the Council achieve its objectives in the area of strong communities.

9. EQUALITIES IMPACT IMPLICATIONS

Corporate advice has been sought in regard to equalities and an agreement has been reached that it is not relevant or proportionate to carry out an equalities impact assessment/analysis for this report.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

An effective external audit service is an essential part of the performance management of the Council's services and activities.

11. HEALTH AND SAFETY IMPLICATIONS

There are no direct health and safety implications arising directly from this report.

12. HR IMPLICATIONS

There are no direct HR implications arising from this report.

13. PUBLIC HEALTH IMPLICATIONS

Items summarised in this report do not have a direct impact on the health and well-being of the public in Enfield.

Background Papers

None

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MUNICIPAL YEAR 2016/2017 - REPORT NO. **166A**

Council – 25 January 2017

REPORT OF:

Executive Director of Finance,
Resources & Customer Services

Contact officer and telephone number:

Asmat Hussain, 0208 379 6438
E mail:asmat.hussain@enfield.gov.uk

Agenda - Part: 1	Item: 14
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Subject: Extension of appointment of an Independent Person

Wards: All

1. EXECUTIVE SUMMARY

1. The Localism Act 2011 (the Act) requires a relevant authority to appoint at least one Independent Person(s) (IP). At Enfield it was agreed that two IP should be appointed.
2. The role of the independent person is set out in Section 28 of the Act and their views must be sought, and taken into account, by the Monitoring Officer when considering an allegation in respect of a breach of the Code of Conduct.
3. On 8 August 2012 the Councillor Conduct Committee (CCC) agreed the term of office for the IP(s) as being for 2 years.
4. This report outlines the proposal to extend the term of appointment for Sarah Jewell; IP, for a further two years to 8 October 2018.
5. At their meeting on 7 December 2016, the Councillor Conduct Committee considered this proposal and agreed to recommend to Council that Sarah Jewell's term of appointment be extended.

2. RECOMMENDATIONS

To agree as recommended by the Councillor Conduct Committee:

- 2.1 To extend the term of appointment of Sarah Jewell (Independent Person), by 2 years to 8 October 2018.

3. BACKGROUND

- 3.1 The Act changed the way in which local authorities promote and maintain high standards of conduct among its councillors and co-opted members. These changes included the introduction of IP(s) to advise and support the Council in relation to the conduct of its members.

- 3.2 Section 28(7) & (8) (c) of the Act provides that a relevant authority must appoint at least one IP. The recruitment of Sarah Jewell as IP complies with the legislation and was approved by Full Council on 8 October 2014 for a period of 2 years.
- 3.3 On 8 August 2012 the CCC agreed that IP(s) should be recruited for a two year appointment. It is noted at the time Members felt it would be helpful for the term of office to overlap the term of the Council's administration.
- 3.4 There is no statutory limit on the length of appointment, this time period can be extended by a majority agreement of members.
- 3.5 The role of the IP includes:
- Assisting in the promoting of high standards of conduct by elected and co-opted members of the Council.
 - Being consulted before decisions are taken on councillor complaints and investigations.
 - Being involved in the resolutions of disputes where appropriate.
 - Attending meetings of the CCC to provide an independent view.
 - Being available for consultation by any member who is subject to a complaint.
 - Participation in training events.
 - Acting as an advocate and ambassador in promoting ethical behaviour.
- 3.6 The IP post remains a relatively new post and it is important that we continue to have stability. Christine Chamberlain, the Council's other Independent Person's term of office was also extended to four years and will come to an end in June 2017. The retention of Sarah Jewell will provide continuity whilst also aiding in the development of the role.
- 3.7 The Councillor Conduct Committee considered this report at their meeting on 7 December 2016 and agreed to recommend to Council that Sarah Jewell's term of appointment be extended by a further two years to 8 October 2018.
- 3.8 Sarah Jewell has confirmed that she would be happy to continue and would welcome the extension of the post.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Undertake a recruitment exercise to find someone else to take on the role, but this would result in additional expenditure and use of officer time.

5. REASONS FOR RECOMMENDATIONS

- 5.1 It is recommended that Sarah Jewell's appointment be extended to ensure continuity, expertise and the experience is retained by the Council.

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

6.1 Financial Implications

The annual cost of post is £500. This will be found from existing departmental budgets.

6.2 Legal Implications

Section 28(7) of the Act requires a relevant authority to appoint at least one IP whose views must be sought, and taken into account, by the authority before it makes its decision on an allegation that it has decided to investigate.

6.3 Property Implications

None.

7. KEY RISKS

- 7.1 Our Code goes beyond the requirement of the Act to appoint a minimum of one independent person. Appendix A, Procedure for Handling Complaints against Councillors and Co-opted Members, paragraph 1.2 states that:

“The Council has agreed to appoint two Independent Persons who will be recruited through public advertisement and a competitive interview process.”

- 7.2 If the recommended extension of post, or the alternative recruitment exercise does not take place this will result in a breach of the Code. The requirements of the Code, being that 2 IPs should be recruited goes beyond that of the Act.
- 7.3 The Act does not limit what may be included in the Code, but nothing in the Code prejudices the operation of the Act. The Code must at a minimum reflect the requirements of the Act.
- 7.4 The recruitment exercise may not provide a successful candidate with the level of experience and expertise as Sarah Jewell.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All/Growth and Sustainability/Strong Communities

A strong ethical approach by the Council and the promotion of good conduct on the part of members will have a positive effect on their representational role and a consequential impact on communities.

The arrangements, which require a local authority to seek the views of an IP before taking a decision on, assists in providing reassurance that complaints are being properly processed and dealt with.

9. EQUALITIES IMPACT IMPLICATIONS

The proposals within this report will help to ensure fair, equal and consistent treatment of complaints against councillors for all parties concerned.

An equality impact assessment is not required for this report.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

Not applicable.

11. HEALTH AND SAFETY IMPLICATIONS

Not applicable.

12. HUMAN RESOURCES IMPLICATIONS

Not applicable.

13. PUBLIC HEALTH IMPLICATIONS

Not applicable.

Background Papers

None.

London Borough of Enfield: Council Constitution

Quick Guide to Procedure Rules

The following procedural rules in relation to meetings of full Council might be of interest to members, particularly new councillors. The paragraph and page numbers relate to the Constitution (please note – these may be subject to changes as the content of the Constitution is amended)

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Points of Order - see below	14.12	4-16
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Voting	17	4-19

* roll call	17.4	4-19
* recorded vote	17.5	4-19
* recording of individual votes	17.6	4-19-4.20
* recording of budget votes	17.7	4-20
Member Conduct	21	4-25
* standing to speak	21.2	4.21
* sitting when Mayor speaks	21.1	4-21
* unworthy motives	21.2	4-21-4.22
* member not to be heard further	21.3	4-22
* member to leave the meeting	21.4	4-22
* general disturbance	21.5	4.22
Adherence to Seating Plan	31	4.24
Filming at Council Meetings	32	4.24

Points of Order

A councillor may only raise a point of order at the end of the speech to which it relates. A point of order may only relate to an alleged breach of these Council Rules of Procedure or the law. The member must indicate the rule or law and the way in which he/she considers it has been broken. The member's speech will be limited to one minute, with any additional time to be agreed at the discretion of the Mayor. The ruling of the Mayor on the matter will be final.

Personal Explanation

A councillor may only make a point of personal explanation at the end of the speech to which it relates. A personal explanation may only relate to some material part of the earlier speech by the member, which may appear to have been misunderstood in the present debate. The member's speech will be limited to one minute, with any additional time to be agreed at the discretion of the Mayor. The ruling of the Mayor on the admissibility of a personal explanation will be final.

Content / length of speeches and Speakers

Speeches must be directed to the question under discussion, or to a personal explanation or point of order. The mover of a Motion and the first speaker in response may speak for 5 minutes. No subsequent speech may exceed 3 minutes without the consent of the Mayor. Speeches exercising a right of reply will be limited to 2 minutes.

When the time allotted for the debate on any item is within 5 minutes of its end, the Mayor shall invite (subject to no extension of time having been sought) the mover of the motion and of any amendments to exercise their right of reply prior to the question being put to the meeting.