

**MINUTES OF THE MEETING OF THE CABINET
HELD ON WEDNESDAY, 23 JULY 2014**

COUNCILLORS

PRESENT Doug Taylor (Leader of the Council), Achilleas Georgiou (Deputy Leader), Chris Bond (Cabinet Member for Environment and Community Safety), Donald McGowan (Cabinet Member for Health and Adult Social Care), Ayfer Orhan (Cabinet Member for Education, Children's Services and Protection), Ahmet Oykenner (Cabinet Member for Housing and Estate Regeneration), Rohini Simbodyal (Cabinet Member for Culture, Sport, Youth and Public Health), Alan Sitkin (Cabinet Member for Economic Development), Andrew Stafford (Cabinet Member for Finance), Yasemin Brett (Cabinet Member for Community Organisations), Bambos Charalambous (Associate Cabinet Member - Enfield West - Observer), George Savva MBE (Associate Cabinet Member - Enfield South East - Observer) and Ozzie Uzoanya (Associate Cabinet Member - Enfield North - Observer)

OFFICERS: Rob Leak (Chief Executive), Ian Davis (Director of Regeneration & Environment), Andrew Fraser (Director of Schools & Children's Services), Ray James (Director of Health, Housing and Adult Social Care), James Rolfe (Director of Finance, Resources and Customer Services), Asmat Hussain (Assistant Director Legal), John Austin (Assistant Director - Corporate Governance), Michael Toyer (Programme Manager), Jeff Laidler (Head of Sustainability), Clive Tritton (Interim Assistant Director for Programmes and Partnerships) and Laura Berryman (Press Officer) Jacqui Hurst (Secretary)

Also Attending: Councillor Ertan Hurer and members of the deputation (Minute No.4 below refers)

1

APOLOGIES FOR ABSENCE

There were no apologies for absence.

2

DECLARATION OF INTERESTS

Councillor Ahmet Oykenner (Cabinet Member for Housing and Estate Regeneration) declared a non-pecuniary interest in Report No.20 – The Care Act 2014 (Minute No.10 below refers) due to his employment within the care industry.

Councillor Andrew Stafford (Cabinet Member for Finance) declared a non-pecuniary interest in Report Nos. 25 and 27 – Lee Valley Heat Network – Business Plan (Minute Nos. 14 and 22 below refer) in his capacity as the Council's nominated representative on the North London Waste Authority and as the Council's nominated representative on the Board of the Lee Valley Heat Network Ltd.

3 URGENT ITEMS

NOTED, that the reports listed on the agenda had been circulated in accordance with the requirements of the Council's Constitution and the Local Authorities (Executive Arrangements) (Access to Information and Meetings) (England) Regulations 2012. These requirements state that agendas and reports should be circulated at least 5 clear working days in advance of meetings.

4 DEPUTATIONS

Councillor Doug Taylor (Leader of the Council) welcomed the deputation to the meeting and invited the spokesperson, Mrs Gonul Daniels, to present the deputation to Cabinet on behalf of the South West Enfield Action Team (SWEAT).

Councillor Ertan Hurer had sponsored the deputation. The deputation comprised Gonul Daniels (spokesperson), Nicola Stapleton, Maria Licheri Alexandrou and Rudi Ramdarshan.

Mrs Daniels presented a detailed deputation to Cabinet supported by hand-outs provided to Members and a map of the area in question displayed at the meeting. SWEAT was campaigning for increased school provision for areas where families could not get their children into their local school, in particular in the Fox Lane area and next to the Barnet border.

The Group had been disappointed that the free school application made by Ashmole Academy had been unsuccessful. Mrs Daniels highlighted sections of two Cabinet reports as presented to Cabinet on 19 June 2013 and to Cabinet this evening (as set out in the hand-outs provided at the meeting). The level of surplus capacity proposed for September 2015 was also questioned and specific concerns expressed.

SWEAT was continuing to campaign for a 2 form entry school in the Fox Lane and Barnet borders area. The Group also sought the Council's support for Ashmole Academy in its application with the Education Funding Agency. The motion discussed at the recent Council meeting had been acknowledged.

Councillor Taylor thanked Mrs Daniels for her comprehensive deputation and sought questions from Cabinet Members. The following issues arose:

1. Councillor Sitkin asked for SWEAT's views on the proposed provision of a 2 form entry school at Grovelands. SWEAT responded that they supported the proposal.
2. Councillor McGowan sought clarification from officers on the projections for satisfying school places in the Borough. Andrew Fraser, Director of Schools and Children's Services, confirmed that 4410 additional primary school places had been provided since 2010. An annual report was presented to Cabinet and pupil projection figures were reviewed annually. A number of factors were taken into consideration. It was noted that the projected demand for the south west area was less than previously projected for September 2014.
3. Councillor Taylor asked Andrew Fraser to confirm why it was important not to overprovide on school place provision. It was noted that overprovision was not an effective use of public money and would have negative effects on school budgets.
4. In response to a question raised by Councillor Charalambous, Mrs Daniels advised that Ashmole Academy was likely to make a re-application in October 2014 with an opening target date of 2016.
5. Councillor Taylor noted the differences which had been highlighted in the previous Cabinet report and the report being presented to Cabinet this evening. Andrew Fraser explained the differences in projected demand in the area in question and that this was because of the annual release of population statistics from the Greater London Authority. He added that the Council was only able to provide for the needs identified.

Councillor Taylor thanked the deputation for their attendance. Members then considered Report No.15 – Strategy and Approach to Delivering Pupil Places, as detailed in Minute No.6 below.

5

ITEMS TO BE REFERRED TO THE COUNCIL

AGREED that the following items be referred to the Council:

1. Report No.15 – Strategy and Approach to Delivering Pupil Places (for the implications to the capital programme)
2. Report Nos. 25 and 27 – Lee Valley Heat Network Business Plan (for the implications to the capital programme)
3. Report No.20 – The Care Act 2014 – for noting only.

6

STRATEGY AND APPROACH TO DELIVERING PUPIL PLACES

Councillor Ayfer Orhan (Cabinet Member for Education, Children's Services and Protection) introduced the report of the Director of Schools and Children's Services and Director of Finance, Resources and Customer Services (No.15) setting out the Council's approach to the provision of school places for Enfield residents and updating the strategy for the provision of places.

NOTED

1. Councillor Orhan thanked the deputation (detailed in Minute No.4 above) and noted that previous discussions had also taken place with SWEAT. The concerns which had been raised were recognised together with the impact of the unsuccessful free school application by Ashmole Academy.
2. Councillor Orhan stated that the Council did not have any control over free schools or academies or for schools that were not within the Borough. The Council's responsibility was for the provision of sufficient school places within the Borough, an additional 4410 places had been provided. The reports presented to Cabinet provided flexibility to take account of subsequent changes which arose and regular reviews took place.
3. Andrew Fraser, Director of Schools and Children's Services, summarised the content of the report. The GLA projections were released and reviewed annually and the need for extra secondary, primary and special school places determined. The Borough was divided into pupil place planning areas for this purpose; Edmonton County School was in the south west pupil place planning area. In total an additional 9 forms of entry were required by September 2018, with 7 of those needing to be delivered by the Council, as set out in the report.
4. Members' attention was drawn to a number of sections in the report including 1.8 – the reallocation of capital funding; 3.4 – the phase two schemes that were either being delivered or subject to feasibility work; 4.2 – the GLA school roll projections. There was less identified immediate pressure in the south west of the Borough for September 2014. The table set out in section 4.8 of the report outlined the need for primary school places for September 2015 and beyond but this was subject to annual review of the GLA projections. The table detailed in section 4.9 of the report listed the options for meeting the demand for primary school reception classes and places from September 2015.
5. That additional secondary school places would be required from September 2018. There were also identified challenges to be met in special school provision.
6. That the proposals contained within the report were borough-wide and included primary, secondary and special school provision. The significant capital expenditure requirement, set out in the report, was noted.
7. Councillor Taylor concluded, in response to points raised in the deputation, the short and longer-term proposals for the south west of the Borough as detailed in the report.

Alternative Options Considered: Enfield Council had a statutory responsibility to provide the necessary school places. The School Expansion Programme created a mechanism to assist with the delivery of extra capacity required. Failure to provide enough school places was not an option. The following proposals had been considered but rejected:

- Increasing class sizes to over 30 pupils. Current legislation stipulated that Key Stage One classes could not exceed 30 pupils with only one qualified teacher. This did not apply to Key Stage two. However, school accommodation did not normally allow for more than 30 pupils in one class base.
- The use of community halls as emergency class bases. This option had been explored with a number of head teachers in relation to the development of the Partner School initiative. However, the revised strategy sought to deliver a programme of permanent expansions.

DECISION: The Cabinet agreed to approve

1. The updated strategy to provide the additional school places required up to 2018 and the continuation of the school expansion programme with an expanded scope to cover the expansion of capacity for special need provision up to 2018.
2. The project cost estimates generated for the 2013/14 Capital Programme be increased by 26% to take account of changes in construction market cost indexes and current market conditions.
3. That the overall programme allocation be increased from £63.4 million to £64.9 million to allow for changes in market conditions. This reflected the 26% increase on projects but had been minimised by re-allocating the remaining £10 million from the proposed Brimsdown rebuild that was currently not required to meet demand for places in the North East area. Project level budgets would be updated through the Capital Monitor process and given the pressures on the Council budget, as set out in the Medium Term Financial Strategy, the allocation for school expansions would be managed within the overall Capital Programme agreed in February 2014.
4. Additional capacity be created to deliver educational services to pupils with special need, with the priority in the short term being Autism – subsequent reports would seek decisions on scheme and cost proposals.
5. Delegating authority to the Cabinet Member for Education, Children's Services and Protection and the Cabinet Member for Finance in consultation with the Directors of Schools and Children's Services and Finance, Resources and Customer Services, or the Assistant Director of Strategic Property Services, to take relevant decisions on:
 - The individual schools and sites that could be expanded, and decisions on statutory expansions, to meet the need for extra pupil places, both mainstream and special, up to 2018.
 - Entering in to contractual arrangements and placing orders for any capital works required for the projects.
 - Conducting any land appropriations as required for schemes to be developed;

- Conducting any necessary land transactions, including acquisitions by way of freehold or leasehold, as individual schemes were developed.
6. Delegating authority to the Directors of Schools and Children's Services and Finance, Resources and Customer Services to take decisions on the:
- Programme management arrangements and operational resourcing, including procurement of any required support services.
 - Cost estimates, budgets and spend for projects in advance of updates to the Capital Programme.
 - Submission of planning applications.
 - The appropriate procurement routes for individual schemes.

RECOMMENDED TO COUNCIL to approve and adopt the proposed changes to the Council's Capital Programme.

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

(Key decision – reference number 3943)

7

REVENUE OUTTURN 2013/14 AND 2015/16-2018/19 MEDIUM TERM FINANCIAL STRATEGY

Councillor Andrew Stafford (Cabinet Member for Finance) introduced the report of the Director of Finance, Resources and Customer Services (No.16) setting out the overall Council General Fund and Housing Revenue Account outturn position for 2013/14 and providing an update on the 2015/16 budget including an assessment of the financial outlook as well as the work being undertaken to address the budget gap in 2015/16 and future years.

NOTED

1. That the final outturn position for 2013/14 was one of a level spend. The appendices to the report set out the revenue outturn position of each department together with the project carry forward requests.
2. That the 2014/14 Medium Term Plan had identified a £65m funding gap for General Fund non-school services over the next three years, as detailed in the report. The Council had initiated a programme "Enfield 2017" to identify short and medium term savings to bridge the gap

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along with the service delivery transformation to users required in the longer term.

3. That the level of the General Fund balances at 31 March 2014 was unchanged at £14m.
4. The potential financial pressures and risks arising from the implementation of the Care Act 2014 as set out in section 6.3 of the report.
5. The identified key risks detailed in section 9.3 of the report.

Alternative Options Considered: Cabinet can discuss and agree alternative uses of the 2013/14 underspend. Alternative options to the current budget process were being reviewed for presentation to Cabinet in November along with progress in balancing the 2015/16 budget. The Medium Term Financial Plan was being updated for alternative Government spending plans.

DECISION: The Cabinet

1. Noted the General Fund and Housing Revenue Account (HRA) outturn for 2013/14.
2. Agreed the project carry forwards summarised in paragraph 4.3 of the report and the reserves committed to the Council Transformation Programme (paragraph 4.5 of the report) and detailed in the service appendices.
3. Agreed specific changes to reserves as set out in paragraph 4.6 of the report and detailed in the service appendices.
4. Noted the latest position regarding the 2015/16 MTFS and budget outlook as reported in Section 6 of the report as well as the approach to be adopted for the budget consultation (detailed in paragraph 6.7 of the report).

Reason: To ensure that Members were aware of the outturn position for the authority including all major variances that had contributed to the outturn position. To manage the 2015/16 financial planning process with regard to continuing reductions in public spending.

(Key decision – reference number 3946)

8

CAPITAL OUTTURN 2013/14

Councillor Andrew Stafford (Cabinet Member for Finance) introduced the report of the Director of Finance, Resources and Customer Services (No.17) informing Members of the capital investment undertaken in 2013/14, and the way in which it had been funded. The report also included the outturn position for the Prudential Indicators.

NOTED

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1. That in 2013/14 the Council's capital expenditure had amounted to £108.3m compared with the latest programme of £121.2m. The resulting favourable variance of £12.9m comprised £4.6m housing projects and £8.3m of General Fund projects. This was mainly due to re-profiling of schemes where the resources would be carried forward to 2014/15.
2. The principal achievements which had resulted from capital investment in 2013/14 as detailed in the report. A number of significant projects were highlighted to Members.
3. The financial overview and information regarding the prudential indicators as set out in sections 5 and 6 of the report.

Alternative Options Considered: None stated.

DECISION: The Cabinet

1. Noted the achievements and improved outcomes resulting from the Council's investments in capital projects.
2. Agreed the funding of the Council's capital expenditure as set out in the report.
3. Noted the outturn for the Council's prudential indicators.

Reason: To inform Members of the final position on capital expenditure and financing for the year.

(Key decision – reference number 3947)

9

ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2013/14

Councillor Andrew Stafford (Cabinet Member for Finance) introduced the report of the Director of Finance, Resources and Customer Services (No.18) reviewing the activities of the Council's Treasury Management function over the financial year ended 31 March 2014.

NOTED

1. The key points detailed in the report including:
 - Debt outstanding at year end to finance capital - £298m an increase of £4.4m from 2012/13
 - Average interest on total debt outstanding – 4.53% a reduction of 0.03% from 2012/13
 - Debt Re-scheduling – none undertaken
 - Interest earned on investments - £541k an increase of £215k from 2012/13
 - Net borrowing – reduced by £18.5m to £235.3m

Alternative Options Considered: None. This report was required to comply with the Council's Treasury Management Policy statement, agreed by Council in February 2013.

DECISION: The Cabinet agreed to accept the Treasury Outturn report.

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

(Non key)

10

THE CARE ACT 2014

Councillor Don McGowan (Cabinet Member for Health and Adult Social Care) introduced the report of the Director of Health, Housing and Adult Social Care (No.20) setting out the key requirements of the Care Act, the potential impact on the Council and progress made locally to implement it.

NOTED

1. That from April 2015 new and considerable duties would be placed on local authorities in implementing the requirements of the Care Act 2014 as detailed in the report.
2. The significant financial changes and implications arising from the Care Act as set out in the report. The detailed financial impact of implementing the Care Act was set out in section 7 of the report and further financial implications detailed in section 10 of the report. It was estimated that there would be a significant funding gap that local authorities would be required to meet. This would present a financial challenge for the Council.

Alternative Options Considered: It was a statutory requirement to implement the Care Act, so no alternative options had been considered in the drafting of the report.

DECISION: The Cabinet

1. Noted that the Care Bill had received Royal Assent in May and was now an Act of Parliament.
2. Noted that the consultation on the draft regulations and guidance for Part 1 of the Care Act had been published: and agreed the delegation of the Council's response to the Cabinet Member for Health and Adult Social Care, Councillor Don McGowan.
3. Noted the implications of the Care Act on local authorities, and agreed to approve progress made locally to prepare for the implementation (paragraph 6 of the report referred) and the funding allocations attached (paragraph 7 of the report referred).

4. Agreed the progression to a full impact assessment and gap analysis being produced on the basis of the key milestones set out in legislation for 2015 and 2016.
5. Noted the potential impact of the Act locally, including key financial risks.
6. Agreed that the Council would demand that Central Government meets its promise to fully fund the cost of new burdens to local authorities even if higher than its initial estimations.

RECOMMENDED TO COUNCIL that the report be noted.

Reason: It was a statutory duty for local authorities to implement the Care Act. It was essential that Cabinet was aware of the reforms and the implications for the Council.

(Key decision – 3933)

11

SPECIAL PURPOSE VEHICLE FOR NEW BUILD COUNCIL HOMES

Councillor Ahmet Oykenar (Cabinet Member for Housing and Estate Regeneration) introduced the report of the Director of Health, Housing and Adult Social Care and Director of Finance, Resources and Customer Services (No.21) proposing that the Council establishes a local authority company to develop, own and manage a portfolio of properties to be made available for rent.

NOTED

1. That the new build company would afford the Council the opportunity to intervene in the market and increase the supply of new housing in the Borough. The company would need to be established at this stage to allow the Small Housing Sites project to proceed to a start on site. A further report would be presented to a future meeting of the Cabinet explaining how the Council proposed to structure the company and how the new homes could be managed.
2. That this was an innovative project. The detailed proposal was set out in section 4 of the report.
3. The project was on track, on course and on budget with construction works anticipated to start in the autumn 2014.

Alternative Options Considered: The Council could decide not to set up a special purpose vehicle (SPV) and hold the 57 units for private market rent in the General Fund. This was not considered a viable option as it would see the Council fall foul of legislation, Counsel's advice against holding housing directly in the General Fund and open the possibility of private tenants acquiring a secure tenancy including any associated rights such as Right to Buy.

DECISION: The Cabinet agreed to

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

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

(Key decision – reference number 3890)

12

ALMO RE-INTEGRATION

Councillor Ahmet Oykenar (Cabinet Member for Housing and Estate Regeneration) introduced the report of the Director of Health, Housing and Adult Social Care (No.22) outlining the progress made with the ALMO re-integration.

NOTED

1. That Enfield Homes had been established as an Arms Length Management Organisation in 2008. The Management Agreement had expired in 2012 but this had been extended to March 2015 (or the cessation/significant reduction of external Decent Homes funding, whichever was the sooner), as set out in full in the report.
2. That in line with previous decisions it was now formally proposed that Enfield Homes be reintegrated back into the Council. This would provide an opportunity to deliver efficiencies and streamline functions across the Council in the delivery of both housing and back office services. The financial implications were as detailed in section 6 of the report, with significant savings identified.
3. That in considering the options for future processes, structures and delivery models a number of principles would be applied as set out in section 3.13 of the report.
4. Councillor Charalambous advised that Hackney Council had recently made a similar decision with reintegration proposed for 2016.

Alternative Options Considered: NOTED the following alternative options which had been considered:

1. The housing management and maintenance services for tenants and leaseholders occupying Council stock could continue to be provided by Enfield Homes as an Arms Length Management Organisation through a new Management Agreement. As the Decent Homes Programme funding was expected to cease in March 2015, there was a financial dis-benefit to retaining an Arms Length Management Organisation, as reintegration offered greater opportunities to streamline ways of working and deliver efficiencies across the wider housing service and Council. This would enable resources to be re-prioritised to improve the service provided to tenants and leaseholders.
2. A new Management Agreement that incorporated additional Council services or shared services with neighbouring boroughs could be issued. This was considered as part of the 2012 Housing Management Review and was not deemed a viable option and as a result was discounted. The Council's transformation programme, Enfield 2017, was seeking to streamline Council functions so the incorporation of

additional services into the ALMO would compromise the wider Council transformation and reintegration offered the opportunity to deliver streamlined, holistic services to local residents.

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

DECISION: The Cabinet

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

Reasons: The following reasons were outlined in section 5 of the report:

1. The Enfield Homes Management Agreement ceased on 31 March 2015.
2. The Decent Homes programme funding allocated to the Council ceased in March 2015 therefore there was no longer a financial incentive to separate the housing management and maintenance functions from the wider Council.
3. Enfield Homes and the Council had been successful in delivering the recommendations approved by Cabinet in July 2012 to prepare for reintegration.
4. The reintegration of Enfield Homes offered opportunities to streamline functions across the Council and Enfield Homes, which would enable more efficient working so resources could be effectively prioritised to improve the services delivered to local residents.
5. The reintegration of Enfield Homes offered the potential for efficiency savings of up to £540k through the deletion of the Enfield Homes Chief Executive post and the governance function, accountancy services, HR savings and from a review of the senior management structure including the appointment of Joint Chief Operating Officer and Joint Head of Housing Finance.
6. There is the opportunity to improve the performance of the housing management and maintenance services by building on synergies that

exist between the services provided by Enfield Homes and those by the Council.

7. Available options for future service delivery models, processes and staffing structures would be explored in line with an agreed set of principles, with a view to taking a phased approach to reintegration to coincide with Enfield 2017 timescales, uphold TUPE obligations and maintain the quality of service provided to residents throughout the transition, so a streamlined, efficient and effective housing services could be successfully delivered.

(Key decision – reference number 3911)

13

RE-PROVISION PROJECT

Councillor Don McGowan (Cabinet Member for Health and Adult Social Care) introduced the report of the Director of Health, Housing and Adult Social Care (No.24) outlining progress with the re-provision project.

NOTED

1. That Report No.26 also referred as detailed in Minute No.21 below.
2. The progress that had been made to date, Councillor McGowan expressed his thanks and appreciation to the officers who had been involved in the project.

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

DECISION: The Cabinet agreed

1. To note the content of the report.
2. To appoint the preferred contractor at a contract sum as detailed in the accompanying part 2 report (Minute No.21 below refers), following a procurement process undertaken utilising the iESE framework to undertake:
 - Pre-construction stage of the new re-provision project residential nursing and care home and, subject to satisfactorily undertaking this work, to
 - Construction of the new care home facility.

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

(Key decision – reference number 3963)

14

LEE VALLEY HEAT NETWORK - BUSINESS PLAN

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Councillor Alan Sitkin (Cabinet Member for Economic Development) introduced the report of the Director of Regeneration and Environment (No.25) setting out the progress and development of the Lee Valley Heat Network Business Plan noting the positive coverage on ITV London News on Monday 21 July.

NOTED

1. That Report No.27 also referred as detailed in Minute No.22 below.
2. That Members' attention was drawn to the executive summary and recommendations detailed in the report. Councillor Sitkin outlined the project to members and highlighted the Council's major policy objectives that would be met including environmental and regeneration activities. The links to the Meridian Water development were highlighted. This was a complex project that would present opportunities and risks to the Council as set out in the report.
3. Councillor Taylor stated that this was one of the most important Cabinet decisions of the last four and a half years, with the opportunity to create a legacy that lasts for decades. It is a significant decision for the Cabinet as a major infrastructure project with huge potential for the Borough. It had the potential to protect and encourage the long-term viability of businesses within the Lee Valley.
4. Members welcomed the project and noted that the potential risks were outweighed by the benefits to the Borough. This was an innovative and complex project which would for the first time provide local communities and businesses with low carbon energy from local heat sources. The potential to create a significant number of new jobs for the Borough's residents was also noted.

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

DECISION: The Cabinet agreed

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

Noted that:

2.1 The Summary Programme showed financial close in September 2015, in order to supply heat to the first phases of homes at Meridian Water.

2.2 £1.285m was the Council's total "at risk" investment at this stage.

2.3 The Council had recently submitted an application for match-funding to the Department for Energy and Climate Change's Heat Network Delivery Unit (HNDU), to recover as much as possible of these development costs. HNDU grant funding could meet up to 67% of the estimated eligible external costs of heat mapping, energy master planning, feasibility studies and detailed project development work such as technical design, financial modelling, exploration of commercial models and contracts. Local authorities were required to secure the remaining proportion of match funding which could not be provided "in-kind", such as staff time, office space and catering. A funding decision was expected around August 2014.

3. To approve the estimated £85k revenue cost related to borrowing £1.189m, to cover interest payments and repayment of principal, with the remaining investment coming from existing budgets.
4. To authorise the Directors of Regeneration and Environment, and Finance, Resources and Customer Services, to procure and appoint legal advisors to support the construction of Tranche 1 and 2 of the network by 2018. (This was estimated to cost up to £300k to September 2015 and with a positive investment decision by Cabinet, an additional £450k to maintain this legal contract to 2018).
5. An "in principle" commitment to invest approximately £24 million in the strategic network located in Enfield in Tranche 2, including a loan of around £12 million plus £2 million contingency. Exact values would be confirmed at financial close.

Noted that:

5.1 the final investment decision was not required until summer 2015, since the capital investment was not required until demand had been confirmed and the various procurement exercises had been completed. In July 2014 Cabinet was committing to £1.285m development costs, with a further year available to reflect on the full investment.

5.2 The loan was indicatively able to be financed by a range of lenders, including the Public Works Loan Board, the London Energy Efficiency Fund (LEEF), the European Investment Bank (EIB) and the Green Investment Bank (GIB).

5.3 With the provision of £1.285m development costs for Tranche 1 and 2, the 3 satellite schemes require no further upfront CAPEX investment by the Borough. The investment in the energy systems would instead be covered by the appointed development partner under requirements set out in the Development agreements for respective sites. LVHN Ltd was forgoing the connection charges and paying for the assets out of cash flow, according to a formula validated by the GLA and to be agreed with Council (HRA), which calculates their commercial value.

6. To authorise the Leader of the Council and the Chief Executive to approve the governance arrangements for the LVHN Ltd Board, the borough specific Portfolio Energy Agreement (Appendix A.2.1, LVHN Business Plan, containing exempt information) and the Shareholders Agreement for all participating boroughs (Appendix A.1.3, LVHN Business Plan, containing exempt information).

Noted that:

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

7. To adopt and include the following principles within the Shareholders Agreement:
 - For other boroughs to realise the benefits of joining an expanded network, and not simply funding the extension to it, a proportional financial contribution would be required to cover the cost and risk of Enfield developing, building, operating and maintaining the kick-start Lee Valley Heat Network;
 - To develop an incentive to encourage other boroughs early and active participation in expanding the heat network, by accepting the associated risks and benefits of joining LVHN Ltd's newly established Board.
8. To delegate agreement for the staff appointments within LVHN Ltd to the Director for Regeneration and Environment.
9. To the tender for the legal work being progressed and delegate authority to the Director for Regeneration and Environment to award the final contract.

RECOMMENDED TO COUNCIL to approve an addition to the Capital Programme, capital funding of £1.285m to fund development costs through to financial close in September 2015 (as detailed in 2 above).

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

(Key decision – reference number 3706)

15

ISSUES ARISING FROM THE OVERVIEW AND SCRUTINY COMMITTEE

NOTED that no items had been received for consideration at this meeting.

16

CABINET AGENDA PLANNING - FUTURE ITEMS

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

17

MINUTES

AGREED that the minutes of the previous meeting of the Cabinet held on 25 June 2014 be confirmed and signed by the Chairman as a correct record.

18

ENFIELD STRATEGIC PARTNERSHIP UPDATE

NOTED that there were no written updates to be received at this meeting.

19

DATE OF NEXT MEETING

AGREED that an additional meeting of the Cabinet be scheduled to take place on Tuesday 12 August 2014 at 7.45pm.

NOTED that the following meeting of the Cabinet was scheduled to take place on Wednesday 17 September 2014 at 8.15pm.

20

EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the press and public from the meeting for the items of business listed on part 2 of the agenda on the grounds that they involve the likely disclosure of confidential information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A to the act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

21

RE-PROVISION PROJECT

Councillor Don McGowan (Cabinet Member for Health and Adult Social Care) introduced the report of the Director of Health, Housing and Adult Social Care (No.26).

NOTED, that Report No.24 also referred as detailed in Minute No.13 above.

Alternative Options Considered: As detailed in Report No.24 set out in Minute No.13 above.

DECISION: The Cabinet noted the content of the report and agreed to appoint the preferred contractor, as detailed in the report, at a contract sum, as detailed in the report, following a procurement process undertaken utilising the iESE framework to undertake:

1. Pre-construction stage of the new Re-provision Project residential nursing and care home and, subject to satisfactory undertaking this work, to
2. Undertake construction of the new care home facility.

Reason: As detailed in Report No.24 set out in Minute No.13 above.
(Key decision – reference number 3963)

22

LEE VALLEY HEAT NETWORK - BUSINESS PLAN

Councillor Alan Sitkin (Cabinet Member for Economic Development) introduced the report of the Director of Regeneration and Environment (No.27) accompanying the part one report for the Lee Valley Heat Network Business Plan.

NOTED

1. That Report No.25 also referred as detailed in Minute No.14 above.
2. That a number of appendices to the report had been circulated to Members under separate cover. Members noted and discussed the detail of the complex project as set out in the report and appendices.
3. Members' attention was drawn to the recommendations detailed in Report No.27.
4. That Councillor Stafford had declared a non-pecuniary interest in his capacity as the Council's nominated representative on the North London Waste Authority and as the Council's nominated representative on the Board of the Lee Valley Heat Network Ltd. (Minute No.2 above refers).
5. That a detailed discussion took place on the implementation of the project and the implications for the Borough.
6. The estimated funding breakdown as set out in the report.
7. Members discussed the proposed structure of the Council owned company and its management. The Executive Board would include three Cabinet Members. Members stated their view that priority should be given to creating jobs for local people.

Alternative Options Considered: As set out in Report No.25 detailed in Minute No.14 above.

DECISION: The Cabinet agreed to:

1. Approve (as also referred to in the part one report) the Phase 1 Business Plan and Summary Programme for Tranche 1 (Ladderswood, Alma Road and New Avenue Satellite Schemes) and Tranche 2 (Meridian Water Phase, as the first stage of the strategic heat network).
2. Authorise the Director of Regeneration and Environment, in consultation with the Director of Finance, Resources and Customer Services, and, in consultation with the Deputy Leader of the Council and Cabinet Member for Economic Development, to commence negotiations as detailed in recommendation 2.11 of the report and in accordance with the Red Line Boundary Map shown in Appendix 6 to the report.
3. Authorise the Director of Finance, Resources and Customer Services, in consultation with the Deputy Leader and Cabinet Member for Economic Development, to use prudential borrowing as detailed in recommendation 2.12 of the report (as referred to in decision 9 of the part one report).
4. Authorise the Director of Regeneration and Environment, in consultation with the Deputy Leader and Cabinet Member for Economic Development, to prepare the requirements as set out in recommendation 2.13 of the report.

Reason: As set out in Report No.25 detailed in Minute No.14 above.
(Key decision – reference number 3706)