

MUNICIPAL YEAR 2016/2017 REPORT NO.

PORTFOLIO DECISION OF:

- Director of Finance, Resources and Customer Services
- Director of Health, Housing and Adult Social Care
- Cabinet Member for Finance
- Cabinet Member for Housing and Estate Regeneration

Agenda – Part: 1	Item:
Subject: Investment in Private Rented Sector – Loan Instalment 8	
Wards: All Key Decision No: 4398	
Cabinet Member consulted: Cllr Lemonides and Cllr Oykenner	

REPORT OF:

Director of Finance, Resources and Customer Services

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1. EXECUTIVE SUMMARY

- 1.1 In February 2014 Cabinet agreed to establish a wholly owned local authority company to acquire and manage properties that the Council can use to discharge its statutory duties. This was in response to the significant temporary accommodation budget pressures facing the Council, resulting from an increase in demand for housing and rising rental prices.
- 1.2 Cabinet, and later Council, agreed the financial model, which provided authority for the Council to borrow funding up to an agreed amount and lend this to the company in a number of instalments. The first instalment of the loan was agreed in February 2014 and authority for further instalments was delegated to 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.
- 1.3 The company has been in operation since March 2014 and good progress has been made. The company has an established acquisition process in place and now requires the next instalment of the loan to continue the acquisition of properties in line with the agreed criteria.
- 1.4 This report seeks approval for the next instalment of the loan to the company – Housing Gateway Limited – in line with the delegated authority granted in KD3782 and in accordance with the terms of the Facility Letter.

2. RECOMMENDATIONS

- 2.1 Note that Cabinet delegated authority to 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, to finalise the timing, profile of acquisitions and the detail of the funding arrangements for each phase of the portfolio development, based on the most viable finance stream available, type and level of housing need at that time, and the Council's best interests (KD 3782).
- 2.2 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 Housing Gateway Board of Directors in April 2014.
- 2.3 Agree to access the next instalment of the loan and on-lend this to Housing Gateway Limited in accordance with the Facility Letter.
- 2.4 Note that the treasury management decisions regarding the Council's borrowing to enable the on-lending to Housing Gateway Limited will be subject to the Council's existing arrangements for governance and specialist advice.

3. BACKGROUND

- 3.1 In February 2014 Cabinet agreed to establish a wholly owned local authority company to own and manage a portfolio of houses, to make available to those residents primarily with housing need or at risk of homelessness (KD 3782). Cabinet agreed that properties would be purchased on a case by case basis using funding from the Public Works Loan Board (PWLB) or via external finance depending on the most viable option at the time of purchase.
- 3.2 Cabinet agreed to delegate to 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, authority to finalise the timing, profile of acquisitions and detail of the funding arrangements. This included the terms of the loan agreement between the Council and the Company.
- 3.3 The local authority company - Housing Gateway Limited – has now been formed with an established acquisition process in place. As 232 acquisitions have been completed, the company requires the next

instalment of the loan to enable the acquisition process to continue. This will mark the eighth instalment of the loan.

- 3.4 A Facility Letter was agreed in September 2014 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 acting for the Council, and by the Housing Gateway Board of Directors in April 2014. This provides the mechanism for a loan agreement between the Council and Housing Gateway Limited.
- 3.5 The Facility Letter sets out the terms of the loan agreement. This stipulates that the loan can only be used by Housing Gateway Limited to support the activities agreed by the shareholder. In line with the Cabinet decision, the remit of Housing Gateway Limited is to acquire and manage properties, for which the Council has full nomination rights and can use these properties to discharge its statutory duties. The loan can therefore only be used for this purpose, unless the shareholder agrees to additional activities at a later date.
- 3.6 The Facility Letter enables the loan to be given to Housing Gateway Limited in instalments to minimise unnecessary interest repayment costs before the company has properties and tenants in place. The Facility Letter therefore contains a schedule that can be completed for every separate instalment. The loan has now almost reached the limit set in the seventh Facility Letter, so the eighth instalment of the loan is required. The terms of the Facility Letter will remain unchanged but the Facility Letter will be re-issued to the agreed amount.
- 3.7 The eighth instalment of the loan will enable Housing Gateway to continue to acquire properties that can then be used by the Council to discharge its statutory homeless duties.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 As outlined in KD 3782, a number of alternative options were considered in the development of the Investment in Private Rented Sector business case.
- 4.2 In the development of the Facility Letter a number of alternative options were also considered, including a loan with a single instalment or the absence of a formal agreement. These options were discounted, as a formal agreement safeguards the interests of both the Council and Housing Gateway and the ability to access the loan in instalments provides greater flexibility.

5. REASONS FOR RECOMMENDATIONS

- Cabinet approved the business case, financial model and overall financial envelope in February 2014 as per KD 3782.
- Housing Gateway Limited was established in February 2014 and the company is now fully operational. The acquisition process is well established and the next phase of the loan is required to enable the acquisitions to continue.
- A Facility Letter has been agreed by the Council and Housing Gateway Limited which sets out the terms of the loan agreement and provides clear terms of repayment.
- The Facility Letter enables Housing Gateway Limited to access the eighth instalment of the loan in a series of instalments, under Schedule 3 of the Facility Letter. This will enable the company to access funding to coincide with the speed of acquisitions and better manage its cash flow.

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

6.1 Financial Implications

- 6.1.1 The overall loan value was agreed by Cabinet in February 2014 (KD 3782) and authority was delegated to agree the instalments of the loans as they are required. Furthermore in February 2014, Council agreed to add the borrowing for the Investment in Private Rented Sector scheme to the capital works programme. The eighth instalment of the loan to the company falls within the budget envelope set by Cabinet.
- 6.1.2 The Council will earmark the loans raised on behalf of the Company. The Treasury Management team will minimise the cost of interest costs and with reference to future interest trends. Borrowing on behalf of the company will be undertaken in conjunction with the Council's overall borrowing strategy.
- 6.1.2 The Council will also provide a line of credit to the company to facilitate its working capital and cash flow. This will be charged at the prevailing bank rate.

6.2 Legal Implications

- 6.2.1 The Council has power to establish and participate in Housing Gateway Limited in accordance with Section 1 of the Localism Act 2011 and section 95 of the Local Government Act 2003. In

addition, section 111 of the Local Government Act 1972 permits a local authority to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or right) which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions. It also has the necessary powers to borrow funding pursuant to Section 1 of the Local Government Act 2003 and to provide a loan, grant funding and/or share capital to the SPV under Section 24 & 25 of the Local Government Act 1988.

6.2.2 The Facility letter is in a form approved by the Assistant Director of Legal Services.

6.3 Property Implications

None.

7. KEY RISKS

- **The interest rate of the loan the Council can access to then on-lend to Housing Gateway Limited is not at a constant rate so the Council has to subsidise the loan rate of this changes over the course of the loan period.** This has been addressed by providing the flexibility to set the interest rate for each instalment of the loan, as determined by Schedule 3 of the Facility Letter.
- **Housing needs change and Housing Gateway Limited is no longer required to manage a property portfolio for use by the Council.** This has been mitigated by providing the flexibility for early repayment of the loan, for example if Housing Gateway Limited needed to sale a property to release capital.
- **The business case assumptions are not realised and the company does not achieve the objectives set.** This has been mitigated by commissioning an external review of the company's operation and by the exit strategies set out in KD 3782 to approve the original business model.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

The formation of Housing Gateway Limited enables the Council to access finance to increase the supply of good quality, value for money housing in the borough, to meet the objectives set out in Enfield's Housing Strategy (2012-2027). By increasing the supply of quality accommodation within the Council's control, this will enable the Council to discharge its statutory duties or prevent homelessness and increase access to secure accommodation for some of the most vulnerable residents in the

borough. The Facility Letter and grant of a loan to Housing Gateway Limited is a key component of the model agreed by Cabinet and essential to the successful operation of the company.

8.2 Growth and Sustainability

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

8.3 Strong Communities

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

9. EQUALITIES IMPACT IMPLICATIONS

An overarching Equalities Impact Assessment was undertaken as part of KD 3782.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

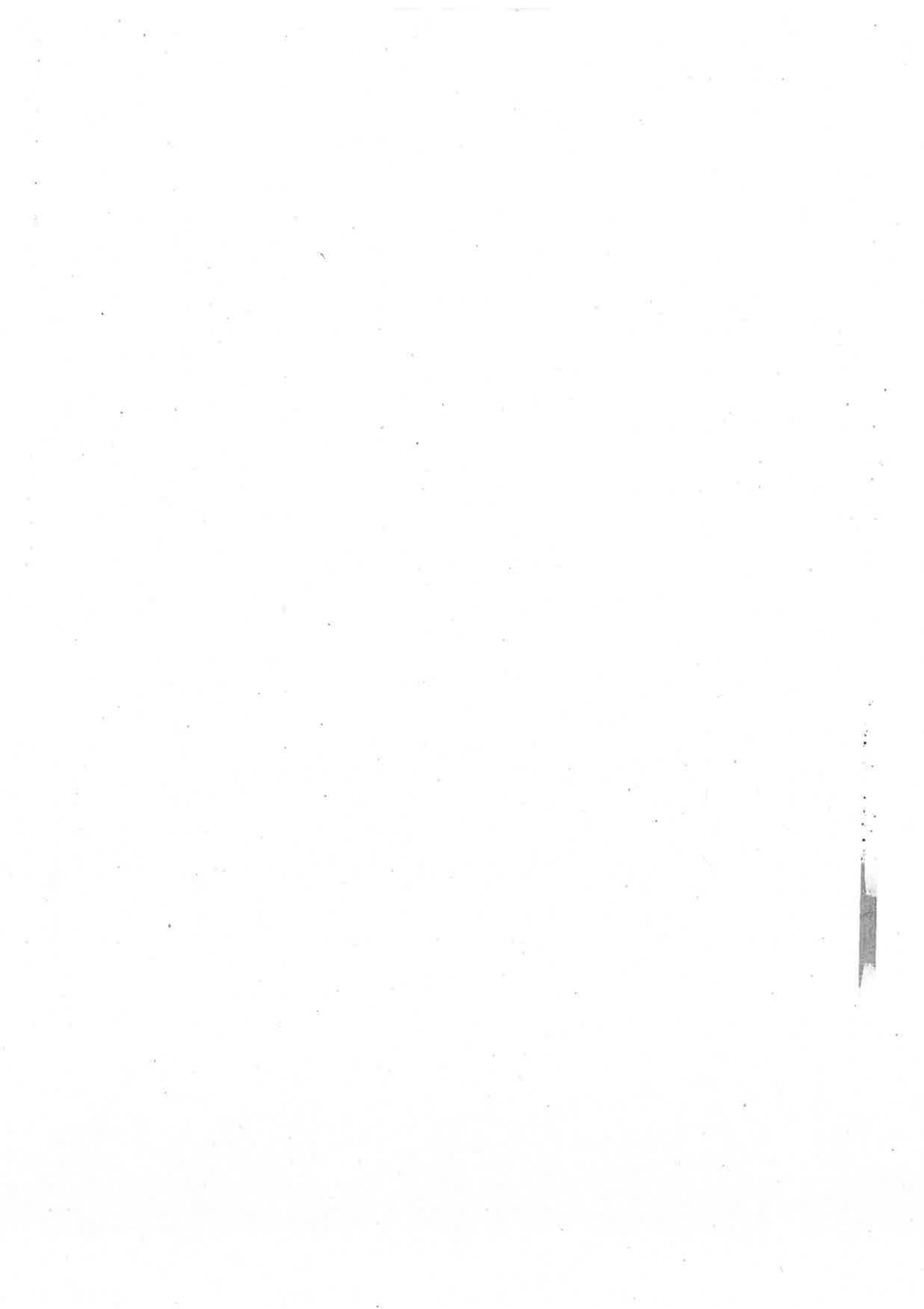
Through the establishment of Housing Gateway Limited the Council has the opportunity to reduce the number of households in temporary accommodation and provide quality accommodation for some of the most vulnerable residents. This in turn, provides the opportunity for the Council to make a positive impact for wider objectives, such as reducing employment and improving health and wellbeing.

11. PUBLIC HEALTH IMPLICATIONS

By increasing the supply of good quality housing in the borough across tenures, health and wellbeing of individuals will be improved. All properties purchased will be fit for purpose or refurbished so that they fall in line with the Council's decent homes standard. Where investment is used to provide quality housing to enable the Council to discharge its statutory homelessness duties, residents selected for these properties will be most at need and therefore most affected by the Government's housing benefit cap.

Background Papers

None.



MUNICIPAL YEAR 2016/2017 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

PORTFOLIO REPORT

OF:

Cabinet Member of
Finance and Efficiency

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Agenda – Part: 1	Item:
Subject: Tender Acceptance Report for the refurbishment works of Edmonton Green Library/Access Centre	
Wards: Edmonton Green	
Key Decision No: KD 4297	
Cabinet Member consulted: Cllr Lemonides	

1. EXECUTIVE SUMMARY

- 1.1. Cabinet and Full Council in June 2015 approved the Library Development Strategy (KD4043) and for the capital investment within the Councils Capital Programme required for the major refurbishment works to the existing Edmonton Green Library.
- 1.2. This report provides the background information and seeks approval to accept a tender for the refurbishment works.
- 1.3. This report recommends acceptance of the tender from Tenderer A to undertake the works.

2. RECOMMENDATIONS

- 2.1. To accept the tender of Tenderer A for the refurbishment works for the amount as set out in Part 2, with associated Professional, Technical, and associated costs previously approved.
- 2.2. That this report be read in conjunction with the Part 2 report of the same date and title.

3. BACKGROUND

- 3.1. Cabinet and Full Council in June 2015 approved the Capital expenditure for the major refurbishment works to the existing Edmonton Green Library as part of the overall Library Development Strategy.
- 3.2. The library closed on Monday 26th September 2016.
- 3.3. The scope of works will be complete internal refurbishment on two floors, including enabling works comprising of upgrading of the incoming electrical supply, enhancing the Comms Room, and comprising remodelling, improvements, replacing all existing mechanical and electrical services, a new entrance from the shopping mall, and installation of all facilities necessary to create a new Customer Access Centre.
- 3.4. The new Customer Access Centre will occupy part of the ground floor, and the remaining ground floor space will be an IT Suite, and will also provide interview rooms for Housing/Customer Services providing front line services. The children's area is to remain in the same place as existing. The first floor shall provide a full library service, community facilities, 'teens area', and museum space, with many other facilities.
- 3.5. Six contractors were selected from the Construction Line list in accordance with Corporate Procedure Rules. In July 2016 five contractors were invited to submit formal tenders to be returned August 2016.
- 3.6. On the 27th July the Council held an 'open day' for all contractors to visit the site and meet the Project team. Four out of the five attended.
- 3.7. An extension of time of one week was requested by two contractors due to the summer recess and obtaining quotes from sub-contractors.
- 3.8. A technical analysis of four tenders returned was made by commissioned external Quantity Surveyors, Playe & Partners LLP, concluded that the offer submitted by Tendered A is competitive, represents best value and therefore is recommended for acceptance.
- 3.9. The form of contract will be JCT Standard Building Contract with Quantities, 2011 Edition.
- 3.10. Subject to approval of this report and Call In Procedure, it is anticipated the enabling works will commence late October 2016, and refurbishment works will commence early November 2016, with an overall construction period of 44 weeks programme, including

commissioning, and installation of IT and furniture. The refurbished centre will be operational in Summer 2017.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The possibility of providing a temporary library building was considered. However, this has been discounted as not value for money.
- 4.2. To maintain service during the closure of the existing library and housing services, users will be given the access to Internet Café 31 and Green Towers Community Centre, for the purpose of access to PC's, ordering and returning of books, scanning, and Customer Access front line services.

5. REASONS FOR RECOMMENDATIONS

- 5.1. The acceptance of the tender to procure the refurbishment works will provide a modern fit for purpose library with improved customer access and superior facilities, including community space.

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

6.1 Financial Implications

- 6.1.1 The Cabinet and Full Council Decision taken in June 2015 – KD 4043 authorised the budget up to £5m for the complete refurbishment works, to Edmonston Green Library, plus other works to assisted Community Libraries, and associated fee's.

See Part 2

6.2 Legal Implications

- 6.2.1. Under the Public Libraries and Museums Act 1964, the Council is under a duty to provide a comprehensive and efficient library service for all persons whose residence or place of work is within the library area of the authority or who are undergoing full time education within that area. Section 111 of the Local Government Act 1972 further gives the Council the power to do anything ancillary to, incidental to or conducive to the discharge of its statutory functions and may enter into a contract with a provider for the works pursuant to section 1 of the Local Government (Contracts) Act 1997.

6.2.2 The procurement of the works has been in accordance with the Councils Constitution, in particular Contract Procedure Rules.

6.2.3 The JCT Standard Building Contract with Quantities, 2011 Edition, is an industry standard contract and is approved by the Assistant Director for Legal Services.

6.3 Property Implications

6.3.1. Property Implications are contained within the main body of this report.

7. KEY RISKS

7.1. Protocols are in place for managing and risks from asbestos-containing materials. An Asbestos and Refurbishment survey shall be completed within the contained areas, identifying the asbestos to be removed.

7.2. Housing Services will continue to occupy the second floor whilst the refurbishment takes place. Staff have been notified of the works, and have been provided details of new fire evacuation procedures.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

8.1.1 Procedures and process have been followed to ensure a fair selection and contract award process.

8.2 Growth and Sustainability

8.2.1 The refurbishment of the Edmonton Centre and the creation of the new Customer Access Centre will add vitality to the Edmonton Green Shopping Mall, and the local communities.

8.2.2 The proposed works to the library will improve its environmental performance, and increase local usage of front line services and Customer Access facilities.

8.3 Strong Communities

8.3. The Edmonton Centre provides a significant local amenity and a range of community and housing services. The proposed refurbishment will enhance the facility and ensure that the building will be more inviting for all users, which shall future proof this role.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1. An Equality Impact Assessment has been completed for the closure of the service.
- 9.2. The Library Service shall be closed for a period of approx. 44 weeks during the works. The Borough is well serviced by other libraries, with close proximity of several local libraries: Fore Street, Ridge Ave and Ponders End.
- 9.3. Alternative options for usage of IT and housing services has been provide in Green Towers Community Centre, which is a 1 minute walk from the existing building within the shopping centre, and Café 31 Internet Café provides a facility to return/pickup/ordering of books, and scanning.
- 9.4. Ongoing consultation is taking place to ensure users are kept fully informed of the proposed refurbishment works and how the services shall be affected during the working period.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1. The works contract will be administrated by the Contract Administrator to the terms and conditions of the Joint Construction Tribunal JCT Standard Building Contract with Quantities, 2011 Edition, as approved by Legal Services.

11. HEALTH AND SAFETY IMPLICATIONS

- 11.1. The works shall be carried out in accordance with Construction Design Management Regulation 2015, (CDM).

12. HR IMPLICATIONS

- 12.1 The existing staff of the Edmonton Centre shall be relocated to Green Towers Community Centre, Café 31 Internet Café, and to other libraries.

13. PUBLIC HEALTH IMPLICATIONS

- 13.1. The refurbishment shall provide an inviting relaxed environment, improving social cohesion, with a range of new services being provided.

Background Papers

