

# MUNICIPAL YEAR 2019/2020 REPORT NO. 174

## MEETING TITLE AND DATE:

Cabinet Meeting -  
28<sup>th</sup> January 2020

## REPORT OF:

Executive Director Place

Joanne Drew  
Director of Housing and  
Regeneration

Agenda – Part:1

Item: 8

**Subject: HRA 30-Year Business Plan 2020**

**Wards: All**

**Key Decision No: KD4969**

**Cabinet Member consulted: Cllr Gina  
Needs, Cllr Caliskan**

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### EXECUTIVE SUMMARY

- 1.1 This reports sets out a revised HRA 30-year Business Plan following a review to align the Plan with the Good Growth Housing Strategy. being considered by Cabinet on the 28th January 2020. It addresses the investment required to improve the quality and to ensure the safety of existing council homes as well as the delivery of new homes and regenerated places.
- 1.2 We have worked with Savills to develop a revised Financial and Investment Framework which will underpin decision making as we develop and implement our plans to significantly increase our development programme. This framework will allow smooth and efficient decision making to enable schemes to be brought forward effectively as the programme proceeds.
- 1.3 The business plan incorporates the opportunity to fund an extensive programme of new development and regeneration totalling up to 3,500 new affordable council homes over the 10 years from 2020-2030 and to deliver service transformation to improve the quality of services. The report seeks approval for the following:
  - A revised Financial and Investment Framework to ensure the sustainability of the Business Plan.
  - The approach to the modernisation of existing Council homes.
  - The adoption of an extensive programme to deliver 3,500 new affordable Council homes between 2020-2030.
  - To continue work with the GLA to explore how Councils can expand further Council House Building and to lobby Government for additional funding to meet the new requirements of the Building Safety regime.

## 2. RECOMMENDATIONS

Cabinet approves:

- 2.1 The revised HRA Business Plan and supporting Investment Framework comprising the financial metrics on which we will ensure sustainability as we develop further proposals including updated borrowing requirement from £315m to £656m over the next 10 years.
- 2.2 Delivery of the 10-year capital programme as shown in Appendix A and to agree that arising from this programme the Executive Director of Place and Director of Housing and Regeneration will be authorised the award of the contracts included in the five-year capital programme.
- 2.3 An income target of £1m per annum to dispose of properties at void stage which have high maintenance costs, which do not meet resident needs or which best support the wider regeneration programme of delivering new homes.
- 2.4 To note the 10-year HRA Capital Programme budget will come forward as part of the Councils 10-year Capital Programme recommended to Council in February 2020.
- 2.5 To note the assumed rent policy set out in Paragraph 7 which provides for a rent increase in April 2020 of 2.7%. Cabinet approval will be sought in the Rent Setting report in February which will then be subject to recommendation to Council.
- 2.6 Delegate to the Director of Housing & Regeneration in consultation with the Cabinet Member for Social Housing decisions in regard to the recovery of costs from leaseholders, for Building Safety measures in line with guidance and that Government should be lobbied to meet any costs associated with leaseholder contributions that fall to the HRA and that are not recharged.
- 2.7 To continue to support the work of the GLA in seeking to enhance Council's capacity to expand further the delivery of Council homes in the 2022 Building Council Homes for Londoners programme. To note that the Business Plan does not pre-empt and provide for funding for future Building Safety requirements arising from new legislation and any enhancements arising from the Social Housing White paper including a potential Decent Homes 2 standard and that Government should be lobbied to provide funding for these costs.
- 2.8 To introduce from 1 April 2021 de-pooled and re-apportioned services charges after consultation with residents and the Cabinet Member for Social Housing.

### **3. BACKGROUND**

- 3.1 The Council's Housing Strategy places emphasis on investing in our existing Council housing, building new Council homes and regenerating places and improving the service to tenants and leaseholders including through an improved repairs offer managed in-house. The Council has control over how it uses its financial capacity in the HRA to deliver its objectives. With the lifting of the debt cap it is possible to borrow in a sustainable way through the delivery of new homes with additional revenue generated or stock investment that reduces responsive repairs costs and extends property life.
- 3.2 This report sets out proposals to align the financial strategy with our strategic ambitions and to provide a financial framework to enable decisions to be made in the future. It addresses our proposed approach to investment in existing Council housing to improve the safety and quality of homes, to the investment in new council housing and regeneration schemes and to our approach to setting Rents, service charges and general charges
- 3.3 We await further clarification from Government on its future direction for social housing through the forthcoming Social Housing White paper. This included proposals to introduce new primary building safety legislation and a new Decent Homes Standard which is likely to include higher safety, quality, sustainability and energy efficiency standards. The full cost implications of the new Building Safety Regulatory system expected to be enacted in 2021 are unquantifiable at this point.
- 3.4 Whilst we await this clarification we have considered the requirements, programmes and costs to address building safety in the existing context. The capital programme includes £48m for building safety works over the next 5 years. A further report will be presented to Cabinet in the light of lessons learnt from our high rise pilots, from more detail about the Building Safety requirements and how we may be able to seek external sources of funding to contribute to the new requirements which are likely to be significant.
- 3.5 Cabinet has previously agreed investment in the Better Council Homes programme, (KD 4830) which is delivering a service delivery operating model with the intention of driving transformation in the service supported by a new ICT system. It is the intention of this programme to ensure that resources are deployed to the right priorities and to enhance resident satisfaction. The Business Plan includes efficiency assumptions arising from this programme.
- 3.6 A survey undertaken in April 2019 by external consultants showed current levels of satisfaction is at 52% for general needs tenants and 39% for leaseholders, with the following areas key drivers for improvement to be addressed in the programme;
- Repairs, & Quality of Homes
  - Environment & ASB
  - Communication & Access to Services
  - Building Safety & Resident engagement

### **4. A REVISED FINANCIAL FRAMEWORK**

4.1 The following framework for judging the viability of the HRA Business Plan is proposed which has also been aligned to the Councils Capital and Treasury Strategy. These metrics have been recommended by Savills based on successful operation of similar minimum/maximum metrics in the housing association sector. They represent a sound and effective way of managing borrowing and investment capacity:

- A minimum closing reserve balance of 5% total revenue expenditure and 5% capital expenditure budgeted for each financial year.
- Interest Cover Ratio – defined as net operating surplus divided by HRA interest costs – set at a minimum 1.25.
- Loan to Value ratio – defined as outstanding HRA borrowing (HRA Capital financing Requirement) divided by total asset valuation of HRA assets in the balance sheet – set as a maximum 70%.

4.2 By adopting such measures and testing changes to the plan against these, this will enable the Council to maximise its outcomes whilst ensuring a sustainable business plan and ensure that decision making on future HRA capital schemes will become more efficient considering long-term income and expenditure forecasts. It should be noted that under-investment in stock and the service has caused a legacy of issues which are being tackled as part of the Better Council Homes programme. This means that it will take us 4 years to meet the metrics, but over the life of the 30-year Business Plan these indicators will be within expected parameters.

The key core assumptions in the Business Plan are set out below:

- Right to Buy sales at 60 annually, reducing gradually to 20 pa in 2023-34 – a total RTB stock loss over 30 years of 700 homes (8% of the existing stock at 1.4.19)
- Other disposals due to regeneration, uneconomical and redevelopment of approx. 264 homes over 30 years
- A revised Stock Condition Survey programme which generates a capital investment profile for the existing stock of £556m over 30 years (at today's prices) representing an overall investment of over £1,100 per home per year over the term of the plan subject to future requirements for building safety
- Rent increases at CPI+1% from 2020-2025, with CPI –only increases from 2025 onwards
- General inflation 2.0% pa.

Our programme ambitions are:

- A core new build and acquisition programme of 1,031 homes from 2020-2023
- A further development, regeneration and acquisition programme of 2,469 homes from 2023-2030 (making a total of 3,500 new homes over 10 years)
- Landlord Service transformation to deliver the equivalent of 25% efficiencies in unit service delivery costs commencing 2020 and

completing 2025 – setting a general objective to limit unit costs to the 2020/21 level in cash terms.

- 4.3 In order to deliver the ambition of 3,500 homes, we will seek development, redevelopment and acquisition opportunities and include an extensive programme combining the delivery of social rent, London Affordable Rent, London Living Rent with the potential for a new council-led Shared Ownership offer and portable shared equity offer for leaseholders affected by regeneration schemes. It should be noted that we are working with the GLA to explore how Councils could scale up housebuilding further in the next round of Building Council Homes for Londoners planned from 2022 and beyond. We are proposing measures such as higher grant rates to subsidise more Council Homes at Social Rent levels and to support our tight build cost per unit assumed in the Plan of £250k. We have also proposed forward funding through interest free debt payable when schemes are revenue generating and disposals.
- 4.4 In order to secure the most efficient delivery the Development Strategy, outlined elsewhere on the Cabinet agenda proposes measures such as a strategic procurement of constructors to help us to deliver within the Business Plan parameters. This area will need to be kept under review.

## **5. INVESTMENT IN OUR EXISTING HOMES**

- 5.1 Savills have been appointed to undertake a 25% stock condition survey. This has concluded that the overall provisions within the previous HRA business plan were generally sound over the long term but with some recommendations on alternative phasing and investment profiles. The updated profile has also helped to inform an economic appraisal of our stock which has provisionally concluded that up to 20% of the stock does not generate a positive financial return over 30 years and requires us to do further work on options for the future which include regeneration and disposals.
- 5.2 Given the position, with the prospects of a new Decent Homes Standard, a new Building Safety regime and a proportion of the stock not performing well financially, we are recommending that the focus of our capital investment is on:
- Maintaining the Decent Homes Standard in stock that is to be subject of an options appraisal on the future.
  - A focused, risk based programme of building safety works across our high rise and specialised housing units to meet the new regulatory framework when known, with a targeted risk-led programme across the remaining stock to ensure we meet our statutory duties as Landlord and comply with the Homes Standard.
  - Delivering the existing Enfield Homes standard on stock which has a long-term life and taking a life cycle, just in time approach to determining the programme in future.

Our Decent Homes Standard and Voids Standard as at Appendix B.

- 5.3 A five-year capital programme has been prepared on this basis. Over 2020/21 we will review all stock with a poor financial return to consider options and to bring forward proposals for regeneration schemes or disposals.

- 5.4 In July 2019, Enfield Council declared a climate emergency, establishing a new taskforce to tackle this issue and pledging to become a carbon neutral Council. In meeting our targets for new housing in Enfield, it is vital that we do so in a way that helps us to create a more environmentally sustainable borough. We will lead the way by setting exemplar standards on sustainability in how we design and build new homes. Investment into our current stock will also be part of this plan with an additional 10% of the major works budget being increased from 2030 for the remainder of the plan to ensure that our Housing stock is carbon efficient by 2050.
- 5.5 On leaseholder service charges over the last two years the council has taken proactive steps to remediate cladding systems across its portfolio. In line with Central Government's position statement, the Council has not sought to recover costs from leaseholders in relation to the replacement/ rectification of cladding systems. As none of the systems remediated, incorporated Aluminium Composite materials (ACM) the Council has not been able to recover costs from the Governments Social Housing Cladding fund. The full cost of works has therefor fallen to the HRA.
- 5.6 In line with national guidance a review of the stock has identified the need to prioritise the installation of suppression systems in sheltered and supported blocks, to safeguard our most vulnerable residents and future proof these assets. The cost of this work had previously not been quantified but has now been included in the Capital Programme and we estimate this, to equate to £10.5m. In addition, we are retrofitting systems in our eight pilot blocks this financial year (19/20 – Capital cost estimate £4.5m).
- 5.7 The Council has a fiduciary duty to recharge leaseholders for a contribution to capital works, Leaseholders currently represent 21% of total properties in the Council's general needs blocks over 30 metres in height. There are no leaseholders within Specialised housing units, as such the full cost of installation will fall to the HRA for these sites. As such we seek approval for the Director of Housing & Regeneration in consultation with the Cabinet Member for Social Housing to be delegated authority to agree a cost recovery position for retrofit work, on a building by building basis, in context of the impact on residents, as a result of the wider capital investment programme.

## **6. DELIVERING NEW COUNCIL HOMES AND REGENERATION**

- 6.1 The provision of new Council homes is a strategic priority for the Council to address its homelessness and overcrowding pressures and to meet the future needs of residents. Elsewhere on the Cabinet agenda is a report outlining our proposed Development Strategy which links to this plan. The Business Plan review has identified that in addition to our existing GLA funded Council House Building programme we have capacity to delivery circa 1000 homes over the next three years with the ability to deliver 3,500 homes over the next ten years (which includes the Joyce and Snells regeneration and the 800 affordable homes to be reprovided), subject to key assumptions being delivered such as a build cost of £250k and regeneration cost of £350k.
- 6.2 In conjunction with the review of stock highlighted previously we will also explore areas that have development potential and/or are in urgent need of regeneration. During 2020 we will carry out options appraisals on potential regeneration areas and explore ways in which these can be funded using the

principles for regeneration outlined in our Housing Strategy. The ambitious programme is likely to incorporate a mix of affordable housing tenures, including Social Rent, London Affordable Rent, London Living Rent and Shared Ownership, and we are reviewing the scope to introduce a new, more affordable, Enfield-specific shared ownership product in due course. The precise tenure mix on each scheme will be developed according to local considerations around the needed housing mix and affordability

- 6.3 Additionally it is the intention to dispose of properties (when they become void) which have high maintenance costs, which do not meet resident needs or which best support the wider regeneration programme of delivering new homes. It is expected that these disposals will generate c. £1m per annum.
- 6.4 Other options to consider include reviewing the RTB receipt spend over the next 5 years. The receipts received through sales represent 30% of total spend required, the other 70% is match funded from the HRA (borrowing/reserves). If RTB receipts are passed onto Housing Associations/Registered Providers, then only 30% of the receipt needs to be spent and the HA/RP contributes the remaining 70%. By entering into these agreements this would free up resources to assist in funding future investments. The table below shows the RTB receipts required to be spent with the match funding from the HRA:

Financial Year	Amount We Must Spend (30%)	Match Funding (70%)	TOTAL (100%)
2020-21	12,856,648	29,998,846	42,855,494
2021-22	8,261,068	19,275,825	27,536,893
2022-23	11,589,682	27,042,591	38,632,273
2023-24	9,859,240	23,004,893	32,864,133
2024-25	5,454,156	12,726,364	18,180,520
<b>Total</b>	<b>48,020,794</b>	<b>112,048,520</b>	<b>160,069,314</b>

## 7. RENTS AND CHARGES

- 7.1 The HRA has a turnover of £65million. It's sustainability and the ability for us to deliver the Council's objectives outlined above relies on maximising income whilst ensuring affordability and value for tenants and leaseholders. The Business Plan rent increases at CPI (assuming 2%) + 1% for five years and CPI flat for the remainder of the plan with a void rate of 1%.
- 7.2 Specific rent levels are governed by Government requirements for existing tenants and GLA funding conditions for newly developed homes. It should be noted that from April 2020 Rent Standard (regulated by the Regulator of Social Housing) applies to local authorities and that the Regulator will undertake monitoring to ensure its adoption. Our rent policy considers all these factors and is recommended as follows:
- From April 2020 we will increase existing council tenants' rents by CPI+1% until 2025 in line with government policy.
  - The CPI rate is taken from September which was 1.7% therefore the rent increase for 2020/21 is 2.7%

- As agreed at Cabinet in 2017/18 all social rent re-lets will be moved to the Target Rent level
- On homes with additional features we will increase rents by the allowable tolerance of +10%, this includes specialised homes such as new Sheltered homes or Supported Housing.
- Local Lettings Plans – Where a lettings plan has been developed to prioritise existing council tenants to access a new build home, London Affordable Rents will be applied as tenants have choice on moving to a new build home
- On all newly built homes with GLA grant funding we will apply the required London Affordable Rents which excludes service charges.
- On all newly acquired homes the council will charge London Affordable Rents
- On all new build re-lets (which may have been originally let to an existing tenant on a social rent level, including estate regeneration schemes) we will charge London Affordable Rents

This results in rents as follows

Bedroom Size	Enfield Social Rent 2020/21*	Average Target rent 2020/21	London affordable rent 2020/21**	Private Rented Monthly Market Rents 18/19 ***
1 bed	90.12	90.89	159.32	1163.00
2 bed	103.90	105.00	168.67	1300.00
3 bed	114.40	117.57	178.05	1595.00
4 bed	120.68	124.25	187.42	2000.00

\*This is the average rent for current tenants. There is the ability to charge up to 5% more on the target social rent levels for specific reasons, for example, a new build council house.

\*\*Subject to agreement at Cabinet January 2020 that the Council adopts the rents for 2020/21

\*\*\* Private rented sector rents from private rented market statistics from Government Valuation Office

7.3 A review of service charges was undertaken, and it revealed that there is a potential to recharge more by way of service charges to tenants and leaseholders. We are therefore going to work over the financial year 2020/2021 to de-pool service charges and re-apportion the charges, with a view to introduce new service charges for tenants and leaseholder from 1 April 2021. New and amended charges will be included as part of the rent setting report that is approved at Cabinet every February.

## 8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The Council could seek to change the emphasis of investment for example a greater focus on existing stock investment rather than new build but this

would have a negative effect on the business plan and would reduce our ability to meet the overcrowding needs of existing tenants as well as residents on the Housing Needs Register.

## **9. REASONS FOR RECOMMENDATIONS**

- 9.1 The announcement from government to remove the HRA debt cap enabled councils to deliver more affordable homes and the opportunity to review the condition of its existing stock and fire safety compliance.
- 9.2 This report outlines its review of the HRA business plan and borrowing requirements and approval of projects and programmes that will help deliver the priorities in the emerging Housing Strategy

## **10. COMMENTS FROM OTHER DEPARTMENTS**

### **10.1 Financial Implications**

**10.1.1** In October 2018 the Government announced the removal of the HRA debt cap which gave Council Housing the ability to increase borrowing to develop more affordable homes. This has prompted Councils to review their HRA Business Plan capacity and the future strategy of the Housing service. A new Housing and Growth Strategy has been developed which sets out the following key principles:

- The need to develop affordable housing within the borough and the ambition to increase this level to 3,500 new homes in the next 10 years
- Investing in our existing council homes to make sure they provide safe and secure homes for future generations and offer high-quality management services.

These principles have driven a 10-year housing development strategy including a pipeline programme of schemes that will be delivered to achieve the new homes target of 3,500 in 10 years. A stock condition survey has recently been completed showing that there is adequate budget to cover the costs of works required.

Savills were appointed to independently verify our existing business plan and to understand the full investment capacity of the plan. Business plan review work has been completed over the past few months and a final updated business plan has now been produced which incorporates the Council Housing growth and development strategies.

The main changes to the HRA Business Plan are as follows:

- Updated Major works programme to reflect Savills stock condition survey results – budget re-profiled in line with phasing of works
- A maximum 10-year development programme of 3,500 units overall (increased from agreed 1,031) including updated GLA and RTB programme and borrowing requirement

- Introduction of financial metrics to ensure future investment decisions are financially affordable and can be sustained within the business plan
- A minimum HRA balance of 5% of the total revenue expenditure and 5% of the capital expenditure (currently £6m per annum)
- 25% efficiency savings in Management and Maintenance over the next 5 years (5% per annum with total saving of £6.8m)
- Disposal of uneconomic properties, estimated to generate £1m additional income per annum for the next 10 years
- CPI for 20-21 is 1.7% (change from the estimated 2%)

All other Business Plan budgets and assumptions have remained un-changed from the Rent Setting report KD4741. The revenue and capital 10-year budgets are shown in Appendix C.

The business plan will continue to be reviewed externally on an annual basis.

**10.1.2** It is proposed to increase the number of new affordable homes to 3,500 in the next 10 years (currently 1,031). A programme to establish a pipeline of schemes has been produced by the development team and these schemes have been built into the business plan.

The programme has been developed using standard build cost and grant assumptions, with RTB receipts assisting in funding the programme.

The pipeline is a mix of Social, London Affordable and Shared Ownership rent tenures. The table in section 7 of the report shows the average rent levels that will be applied to the projects.

The main assumptions are shown below:

Build Cost	£250k per unit New Build £350k per unit Regeneration (buyback costs)
Grant	£100k per affordable unit £28k per shared ownership unit
Average Rents	£100 per week – Social (19-20 rates) £168.81 per week – Affordable (19-20 rates)
Shared Ownership	Assumed 30% share purchased

The current agreed borrowing requirement is £315m, this programme increases the requirement to £656m over the next 10 years.

Borrowing assumptions are based on PWLB loans at 3.5%. Loans from the GLA are also available and depending on future borrowing rates this may be a more

viable option in years to come. This will be explored with the GLA to ensure the HRA is borrowing efficiently and can sustain the level of debt.

It should be noted that all borrowing requirements will remain within the Councils financial metrics and in line with the General Funds Prudential Indicators and Treasury Management Strategy which will be approved at Council in February 2020. The loan principal will be paid back in full when it falls due. Interest is charged annually over the life of the loan.

Each scheme within this proposal will be subject to a full financial appraisal and approval report to request funding.

The additional borrowing in this programme is for revenue generating schemes.

The summary pipeline programme is shown in Appendix C.

- 10.1.3** The final stock condition survey results have been included in the updated Business Plan. These results have shown that the budget requirement built into the current business plan was adequate but needed to be re-profiled to reflect decent homes requirements as and when due.

Fire safety works have seen an increase in budget requirement to £48m over the next 5 years. This has been built into the plan but lobbying to Government for additional funding for these works is currently underway. This would then enable us to redirect resources to deliver more affordable housing and further investment in our stock.

An additional 10% of the existing major works budget has been included in the Business Plan from 2030 to ensure Enfield is carbon efficient by 2050.

Major works will be billed to leaseholders in line with the Authorities legal duty.

This programme will be funded from revenue rental contributions and reserves. The full 30-year Major works programme is shown in Appendix A.

- 10.1.4** As part of the work Savills completed, they have recommended the implementation of financial metrics to ensure that the business plan remains financially viable and within affordable limits. This framework will also enable us to assess future investments decisions.

They have identified the following financial metrics which are considered relevant within the Housing sectors:

<b>Metric/Ratio</b>	<b>Measure</b>	<b>Description</b>
<b>Interest Cover Ratio (ICR)</b>	1.25 minimum	<ul style="list-style-type: none"> <li>• This ratio determines whether the net cost of services covers the borrowing interest expenses.</li> <li>• Ratio of operating surplus divided by interest costs</li> </ul>
<b>Loan to Value (LTV)</b>	50% maximum	<ul style="list-style-type: none"> <li>• This ratio measures the level of debt compared to the asset value of our stock</li> <li>• Outstanding debt divided by fixed asset value</li> </ul>

The current business plan has been measured against these metrics and show in

19-20 the current ICR is 0.26 and the LTV is 30%. Although the ICR is currently below the level required this is due to the amount of works currently ongoing, by 2024-25 the ICR rises to 1.65.. As these legacy works (decent homes and fire works) are completed the ICR will continue to rise towards the recommended level over the short to medium term. However, this doesn't affect the borrowing capacity which is currently within recommended limits and which is sustainable over the 30-year plan.

In order to achieve optimum levels, efficiency savings will need to be met in the first 5 years of the Business Plan. Its proposed that 5% efficiency saving in Management and Maintenance will be applied per annum ending 2024-25. This will generate additional revenue of c. £6.8m. The efficiencies will be partly achieved by the introduction of a new IT system (Civica CX) and insourcing the repairs, these changes are expected to make long term savings. These efficiencies will assist in ensuring the Business Plan remains sustainable.

The updated Business Plan financial metrics are shown below:

Metrics	Limit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
ICR	>1.25	-1.62	-0.43	-0.16	0.37	1.65	1.49	1.56	1.71	1.79	2.07
LTV	<50%	38%	45%	50%	50%	48%	48%	49%	47%	45%	47%

As well as funding metrics, Savills have worked on several efficiency metrics to allow us to compare to industry averages within the Local Authority and Housing Association sectors.

The key efficiency metrics are as follows:

Efficiency Metrics	Measure	Enfield's Metrics
Operating Margin	20-25%	22%
Operating cost per unit	£4,900-£5,900	£5,100
Management cost per unit	£2,400-£3,000	£2,200
Maintenance cost per unit	£1,200-£1,500	£1,400

These results have shown that Enfield is in line with the recommended standards.

**10.1.5** Rents will be set in line with the social rent policy. Currently rents will increase by CPI +1%, The September CPI is 1.7% so rents will increase by 2.7% in 20-21. This increases the rent roll by c. £1.5m. Full approval for rents and service charges will be included in the Rent Setting report in February 2020.

**10.1.6** A minimum balance of 5% of the total revenue income (plus interest less depreciation) and 5% of the capital expenditure for the existing financial year, provides the Council with an 'assurance buffer' against unforeseen short-medium term variations to income and expenditure. The current minimum balance is £6m per annum, balances will not go below this level.

**10.1.7** The following sensitivity analysis has been carried out:

- If rents were to decrease by 1% for a 4-year period this would reduce the expected rental income by c. £23m – this change would reduce our financial metrics further and would impact on the viability of the Business Plan.

- If interest rates for borrowing were to increase from 3.5% to 4.5% the current level of borrowing wouldn't be affordable within the plan.
- If interest rates for borrowing were to reduce from 3.5% to 2.5% this would improve the ICR and create additional borrowing if required.

### **10.1.8 Financial Risks**

The updated business plan is based on achieving reductions in Management and Maintenance costs (c. £1.3m per annum). If these savings aren't achieved it could impact on the affordability of the proposals included in the Business Plan.

Long term future rent uncertainty – any rent reductions will have a significant impact on the Business Plan.

Borrowing rates are assumed at 3.5% - if this rate was to increase this would affect borrowing capacity and will impact on the viability of the business plan.

Future building regulation changes could include zero carbon agenda and potentially decent homes standard 2

The 10-year development programme is based on £250k build cost and £100k grant per unit. The assumed build cost is based on Savills market knowledge and may in practise prove to be higher. If build costs were to increase this would impact the number of units we are able to deliver.

The additional borrowing rate of interest for this project is 3.5% which was the Council's average rate of borrowing as at financial year end 2018/19 and this was based on historical borrowing costs. The current available borrowing rate is between 3.15% to 3.33%, presenting a small element of headroom to mitigate interest rate risk, albeit there is still some level of uncertainty with interest rates.

This additional borrowing will be undertaken in line with the Council's Treasury Management Strategy Statement (TMSS) for the period 2020/21 to 2029/30, which will be tabled for the full Council approval in February 2020. The TMSS need to comply with the Local Government Act 2003, other regulations and guidance to ensure that the Council's borrowing plans are prudent, affordable and sustainable and must comply with the statutory requirements. We aim to achieve compliance with statutory requirements by monitoring and reporting some relevant treasury and prudential indicators targets set identified with the aid of some financial metrics relevant to the Housing sectors.

## **10.2 Legal Implications**

**10.2.1** Section 111 of the Local Government Act 1972 provides a local authority power to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions. Section 1 of the Localism Act 2011 gives the Council the power to do anything an individual may do, subject to a number of limitations. The Council may exercise this general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others.

- 10.2.2** Section 21 of the Housing Act 1985 (as amended) (“the 1985 Act”) provides the Council with powers for the general management, regulation and control of a local housing authority's houses
- 10.2.3** Section 24 of the 1985 Act allows the Local Authority to set their own rents, and to review these rents periodically and make necessary changes if circumstances allow.
- 10.2.4** The HRA consists of expenditure on Council-owned housing and there is a statutory requirement whereby the Council is obliged to keep its HRA separate from other housing activities in accordance with the Local Government and Housing Act 1989 (as amended) (“the 1989 Act”). In addition, there is a requirement not to allow cross-subsidy to or from, the Council's General Fund resources.
- 10.2.5** The Council is required to prepare proposals in January/February of each year relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property. The Council has to secure that the HRA for any year does not show a debit balance. Section 76 of the 1989 Act places a duty on local housing authorities: to produce, and make available for public inspection, an annual budget for their HRA which avoids a deficit; to review and if necessary, revise that budget; and to take all reasonably practicable steps to avoid an end-of-year deficit. The revised HRA business plan will assist the Council in meeting these requirements.
- 10.2.6** The authority shall, within one month of formulating or revising their proposals in compliance of the duty pursuant to section 76 of the 1989 Act, prepare a statement setting out those proposals as so formulated or so revised and the estimates made by them in formulating/revising these proposals.
- 10.2.7** Future decisions emanating from this report regarding the HRA must comply with applicable constitutional, administrative and legislative requirements. Regard must also be had to the Council's fiduciary duties and the statutory framework for the HRA, especially the requirements of the 1989 Act. As applicable consultation with occupiers and other stakeholders may have to be undertaken.
- 10.2.8** The Equality Act 2010 requires the Council to have due regard to the public-sector equality when carrying out its functions. Equalities impact assessments may be necessary in reaching such decisions that impact occupiers as a result of the revised plan and consequent changes to housing management schemes.

### **10.3 Property Implications**

All Property Disposals will be subject to the council's Property Procedure Rules ensuring best value for the HRA Business Plan.

## **11 KEY RISKS**

### **HRA 30-Year Business Plan and self-financing**

The reform of the HRA financial regime has had a major impact on the operation of the account from 2012/13. The abolition of the borrowing limit in October 2018 provides the basis for a flexible local plan to be developed and delivered based on local considerations.

This report incorporates a proposal to adopt an Enfield-specific Financial and Investment Framework which sets our own borrowing and capacity limits to replace the previous externally imposed borrowing limit. The proposal brings the HRA into line with the General Fund and wider Prudential framework.

The Grenfell fire in 2017 and the Government led Building Safety programme has placed a significant burden on the HRA over the last two years and additional funding has had to be identified and bought forward to finance reactive cladding works and large scale door replacement programmes, following the release of advice notes and changes to Approved Documents.

The Council is considering its building safety programme in preparedness for the forthcoming regulatory framework to ensure the risk of non-compliance at implementation, is mitigated.

The full financial requirements and implications associated with the new primary legislation are still to be fully understood as the findings of the 2019 consultation and scope have not been confirmed.

A draft bill is expected in early 2020. As such financial requirements in this area, will need to be kept under review.

## **12 IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD**

### **12.1 Good homes in well-connected neighbourhoods**

Well maintained, good quality and safe council homes have an important impact on the standard of property in the borough. Council rent income is a key income for the housing revenue account to maintain housing stock.

### **12.2 Sustain strong and healthy communities**

Setting fair charges, investing in the Council's housing stock and effective management are some areas of this report that will have a positive effect on the local community.

### **12.3 Build our local economy to create a thriving place**

This proposal aims to ensure a thriving high-quality place that improves satisfaction for our customers.

## **13 EQUALITIES IMPACT IMPLICATIONS**

The HRA 30-Year Business Plan supports the delivery of high-quality services that promote equality and values diversity

## **14 PERFORMANCE AND DATA IMPLICATIONS**

Setting a balanced robust HRA Business Plan should enable the HRA performance targets to be met. Sound medium term financial plans are essential to support the delivery of excellent services and efficient use of resources. The budget proposals will ensure that limited resources are targeted at key priorities.

## **15 HEALTH AND SAFETY IMPLICATIONS**

The full impact of regulatory change in the next two-year period is yet to be fully understood and impact assessed. But it is expected that changes to existing regulations, the introduction of new primary legislation and an enhanced Decent Homes standard, is likely to place a large financial burden onto the HRA and require additional internal (staffing) resources.

## **16 HR IMPLICATIONS**

Additional resources to deliver comprehensive developments is a requirement and review of the team's capacity is being undertaken to ensure the team has the key staff it requires.

## **17 PUBLIC HEALTH IMPLICATIONS**

Good quality housing plays an essential role in improving public health and wellbeing.

Managing council rental income and mitigating welfare reform is an important part of avoiding debt issues and contributes to the general well-being of residents

## **Background Papers**

*None*

# APPENDIX A

HOUSING - 30 YEAR CAPITAL PROGRAMME							
	5 Year Bands (no smoothing)						
	2019/2024	2024/2029	2029/2034	2034/2039	2039/2044	2044/2049	Total
<b>STOCK CONDITION LED WORKS</b>							
Bathrooms	6,298,500	3,076,750	4,819,000	5,854,500	8,703,500	4,647,750	33,400,000
Doors (inc communal)	600,000	1,836,900	1,953,900	3,280,900	4,322,600	3,323,000	15,317,300
Electrics (inc communal and smoke alarms)	9,104,350	3,062,300	2,695,550	2,601,600	5,052,300	3,220,600	25,736,700
External Areas (inc fences, Hardstandings, parking areas etc)	6,105,525	2,347,375	1,139,800	1,330,475	604,625	667,175	12,194,975
Heating	16,745,500	8,335,750	3,560,750	9,535,500	9,398,750	3,681,500	51,257,750
Kitchens	8,430,500	11,575,500	16,234,500	6,437,500	8,189,000	8,866,000	59,733,000
Modular Extensions (brimsdown pods)	11,110,000	0	0	0	0	2,490,000	13,600,000
Roofs (inc soffits, fascias, downpipes etc)	13,838,750	8,383,700	5,535,800	8,577,700	7,350,650	8,165,400	51,852,000
Walls	9,085,500	11,065,875	6,452,900	14,818,375	4,641,375	4,528,450	50,592,475
Windows	6,611,200	5,524,800	3,846,800	6,229,400	11,789,000	10,057,000	44,058,200
Insulation	450,000	200,000	200,000	200,000	200,000	200,000	1,450,000
Garage refurbishment	2,350,000	500,000	500,000	500,000	500,000	500,000	4,850,000
Communal boiler changes	1,800,000	2,000,000	2,000,000				5,800,000
Communal main entrance door	400,000	150,000	150,000	150,000	150,000	150,000	1,150,000
Communal floor coverings	200,000	150,000	150,000	150,000	150,000	150,000	950,000
TV aerial systems	40,000	50,000	50,000	50,000	50,000	50,000	290,000
External lighting replacement	100,000	100,000	100,000	100,000	100,000	100,000	600,000
Outbuildings/communal sheds	800,000	500,000	500,000	500,000	500,000	500,000	3,300,000
Warden call systems	100,000	125,000	125,000	125,000	125,000	125,000	725,000
Fire alarm, AFD and warden Call system replacement	2,150,000	50,000	100,000	50,000	50,000		
Door entry replacement	100,000	125,000	125,000	125,000	125,000	125,000	725,000
Communal balconies/walkways/balustrades	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,000,000
Lift replacement project	5,700,000	2,060,000	3,780,000	1,100,000	1,370,000	260,000	14,270,000
Energy efficiency measure	400,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,400,000
<b>SUBTOTAL</b>	<b>104,519,625</b>	<b>63,218,950</b>	<b>56,019,000</b>	<b>63,715,950</b>	<b>65,371,800</b>	<b>53,806,675</b>	<b>406,652,400</b>
<b>DEFINED ASSET LED PROJECTS</b>							
New Southgate - externals	2,700,000						2,700,000
Enfield North Externals	1,400,000						1,400,000
Channel Islands - Heat pumps etc	193,062						193,062
Winchmore Hill - externals	400,000						400,000
Exeter Rd - GSHP	600,000						600,000
Water tank replacements - legionella works	370,000						370,000
Decent Homes out of borough - Waltham Cross	1,500,000						1,500,000
Upper Edmonton - externals	8,100,000						8,100,000
Cambridge Road West - Externals	4,575,000						4,575,000
Exeter Road - fire stopping	130,000						130,000
Dry riser project	200,000						200,000
Mains water replacement Exeter road	160,000						160,000
Voids Capitalisation	650,000						650,000
Older schemes	600,000						600,000
GSHP Walbrook	1,700,000						1,700,000
Pruden close boiler replacement	1,000,000						1,000,000
Avenues and Newdales minor refurb programme	1,500,000						1,500,000
<b>SUBTOTAL</b>	<b>25,778,062</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,778,062</b>
<b>DEMAND LED WORKS</b>							
Aid and adaptations	5,550,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	30,550,000
Aid and adaptaion conversions	1,700,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,700,000
Environmental improvements	2,440,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	14,940,000
Unidentified asset works (stacks, aging infrastructure etc)	1,650,000	500,000	500,000	500,000	500,000	500,000	4,150,000
Structural works	200,000	250,000	250,000	250,000	250,000	250,000	1,450,000
14 Dover House - conversion to flat	50,000						50,000
Dover house doctors surgery - conversion to flat	100,000						100,000
12 Dover House - conversion to flat	100,000						100,000
Pruden close - conversion of 2/3 flats	200,000						200,000
Suffolk road - relining finlock guttering	22,000						22,000
The Mall - windows	15,000						15,000
Exeter road bin chutes	60,000						60,000
Channel island leak stopping works	2,000,000						2,000,000
Bliss and Purcell leak stopping works	1,000,000						1,000,000
Walbrook leak stopping works	500,000						500,000
<b>SUBTOTAL</b>	<b>15,567,000</b>	<b>9,250,000</b>	<b>9,250,000</b>	<b>9,250,000</b>	<b>9,250,000</b>	<b>9,250,000</b>	<b>61,837,000</b>
<b>FIRE LED PROJECTS</b>							
Bliss House fire stopping and sprinklers	550,000						550,000
Purcell House fire stopping and sprinklers	550,000						550,000
Walbrook House - fire stopping, sprinklers	3,800,000						3,800,000
Cladding replacement Walbrook house	4,500,000						4,500,000
Bliss and Purcell cladding replacment	1,350,000						1,350,000
Channel Island fire stopping	1,000,000						1,000,000
Sprinklers Brittany fire stopping and sprinklers	1,000,000						1,000,000
Exeter road ACM remediation	250,000						250,000
Fire panel replacement Woolpack and Keys	100,000						100,000
Brookbank Hse - External and internal works	368,360						368,360
Jackson & Swinson Hses - External and internal works	247,030						247,030
Gainsborough; Bonington & Constable Hses - Cladding/ spandrel remediation and internal works	1,213,290						1,213,290
Cheshire & Shropshire Hse - Spandrel remediation; internal works and sprinklers	759,460						759,460
Scott Hse - External, internal works & sprinklers	2,100,000						2,100,000
Woolpack; Keys; Dorset & Welch Hse - Internal works	848,900						848,900
Exeter Road (4 blocks) - Internal works	1,100,700						1,100,700
Cormorant; Curlew & Alma Hse - risk reduction works - pre demo	50,000						50,000
Shepcot Hse - risk reduction works - pre demo	45,750						45,750
Bridport Hse - risk reduction works - pre regen	63,880						63,880
Specialised Housing blocks - Urgent works following T3 FRAs (completed Dec 19)	250,000						250,000
Dover Hse - External and internal works	200,550						200,550
Specialised Housing blocks - Sprinklers and internal works ( 2 year programme)	5,000,000						5,000,000
Normandy; Burgundy & Picardy - Internal works inc sprinklers	867,940						867,940
Joyce & Snells (9 blocks over 6 storeys) - risk reduction works- pre-demo	932,900						932,900
Hereford & Leicester Hse - Internal works	130,300						130,300
Graham & Cumberland - Internal works	156,800						156,800
Fore Street Estate (4 blocks) - Internal works	541,710						541,710
Walmer & Hastings Hse - External cladding and internal works	509,020						509,020
Mid rise blocks - External cladding remediation	750,000						750,000
Mid rise blocks (93no) - Smoke ventilation works	1,000,000						1,000,000
Mid/low rise blocks - Roof compartmentation	2,250,000						2,250,000
Reynolds; Romney & Hogarth - Cladding remediation	260,000						260,000
Low rise timber cladding remediation	500,000						500,000
Supported Housing - Mist system and internal works (3yr programme)	1,250,000						1,250,000
Emergency lighting installation programme (mid- low rise installation and upgrades to existing sy	2,250,000						2,250,000
Mid/low rise blocks - Compartmentation works (Scope TBC)	800,000						800,000
In - flat AFD programme (3 year programme)	600,000						600,000
Communal door remediation programme (mid-low rise)	2,000,000						2,000,000
Flat Door Remediation programme (3 year programme)	8,500,000						8,500,000
<b>SUBTOTAL</b>	<b>48,646,596</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48,646,596</b>
<b>SUPPORT SERVICES</b>							
Stock condition surveys	1,000,000	100,000	100,000	100,000	100,000	100,000	1,500,000
Professional services	200,000	200,000	200,000	200,000	200,000	200,000	1,200,000
Structural investigations	300,000	125,000	125,000	125,000	125,000	125,000	925,000
Asbestos R&D surveys (Planned works)	400,000	500,000	500,000	500,000	500,000	500,000	2,900,000
Fleet Capital repayments	605,716	302,858					908,574
<b>SUBTOTAL</b>	<b>2,505,716</b>	<b>1,227,858</b>	<b>925,000</b>	<b>925,000</b>	<b>925,000</b>	<b>925,000</b>	<b>7,433,574</b>
<b>INCOME</b>	<b>197,037,193</b>	<b>73,696,808</b>	<b>66,194,000</b>	<b>73,890,950</b>	<b>75,546,800</b>	<b>63,981,875</b>	<b>550,347,626</b>
RHI	-800,000	-1,000,000	-1,000,000	-1,000,000			-3,800,000
<b>TOTAL</b>	<b>196,237,193</b>	<b>72,696,808</b>	<b>65,194,000</b>	<b>72,890,950</b>	<b>75,546,800</b>	<b>63,981,875</b>	<b>546,547,626</b>

## APPENDIX B



# Enfield Voids



# Void Letting Standard

## 1. Introduction

Set out below are the minimum property standards that all General Needs and Sheltered Accommodation shall meet.

- Meet the relevant legislative standards for: Tenancy (Housing Act 1988), Control of Asbestos Regulations, Building Regulations, Gas Safety Regulations, Electrical Regulations and relevant British Standards.
- Meet the LBE Better Council Homes Standard
- The property will be free from damp, free from rot, water penetration, secure and structurally sound.
- The property, including associated external areas and outbuildings shall be clean, free from rubbish and household contents
- Where decorative finishes (walls, ceilings, doors and architraves) are in a reasonable condition then these will be left ready to receive decoration by the incoming tenants. Where properties are left in poor decorative condition, LBE will undertake sufficient works to allow new residents to decorate.
- Where possible fixtures and fittings will be made good or repaired. Replacements will only be undertaken where a repair is not feasible or economically advantageous.
- Where heating or rewires are required in the next 3 years, or kitchens and bathrooms within the next 1 year these will be undertaken whilst the property is void, other works or works falling outside of these timescales will be undertaken as part of major works programmes

## 2. External Property Standards

### 2.1. Access

All Homes shall have:

- Safe, well-lit and easy access with no obstructions.
- The main path to the front entrance door and any steps to the back door (if present) will be safe and reasonably surfaced so as not to present a tripping

hazard and which shall be adequately drained so as not to retain standing water.

- Access stairways (if present) will be secure and not unreasonably steep, any stairway or step shall not vary from current building regulation requirements in such a way as to present an unreasonable level of hazard to users.
- Access stairways (if present) will have an adequate and securely fixed handrail.

## 2.2. Roof and Guttering (where applicable)

- All Homes shall have:
- A roof or roofs which are watertight and free from major defects.
- Gutters, drainpipes, drain covers and water butts will work properly.

## 2.3. Garden (where applicable)

- All gardens shall:
- Be cleared of rubbish and have all vegetation, shrubs and trees reasonably kept.
- Have their walls, fences, boundary lines and hedges etc in good order.
- Have gates (if present) that operate well with gate posts/pillars that are secure.
- Have sheds or ancillary buildings (if present) in good repair and safe.
- Have grass cut to an acceptable level during the void period. During the summer months grass may grow to a high level by the time it is let, but this is considered to be a typical task for the incoming resident.
- Any ponds will be filled in.
- Any outside toilets will be removed.



## 2.4. Rubbish Disposal

All Homes shall have:

- Sufficient bins will be provided for a normal household's use, depending on the size of the Home.
- Recycling and refuse bins will be left clean and empty



### 3. Internal Property Standards

#### 3.1. Doors

Doors shall meet the following standards:

- External front (main entrance) doors and frames shall be of exterior grade quality and should be reasonably secure from unauthorised access. They shall have a rim night latch "Yale type", or where purpose made manufactured door has integral door locking mechanism.
- All other external doors shall have a mortice lock or where purpose made manufactured door has integral door locking mechanism.
- All external front doors shall open freely and be clearly numbered,
- All internal doors shall open, close and fasten properly and have their keys removed, bathrooms and toilets should be provided with a courtesy latch.
- All doors with glazing will be in good condition and if necessary, renewed to current British Standards.



#### 3.2. Staircases (where applicable)

All staircases shall have:

- A two-way light switch provided in all stairwells/hallways with more than one floor so that the light can be switched off/on from either floor or floors.
- Staircases and handrails will be safe and secure and meet building regulations. Where open tread staircases or those with no balustrade and spindles are found these will be filled in.

#### 3.3. Walls and Ceilings

### 3.3.1. Dampness

- All homes shall be free from damp and mould.

### 3.3.2. Plaster

- All plaster shall be sound and show no movement when examined. Where loose plaster is found it will be removed and made good ready for decoration.

### 3.3.3. Decoration

- Walls and ceiling finishes will be left fit to receive a decorative finish. Decorations will only be provided in the following cases;
- In kitchens and bathrooms where the installation of a complete kitchen and bathroom are undertaken.
- On an exceptional basis for example; in a very poor condition, cigarette staining and odours, graffiti/murals on walls, fire damage, bad mould and damp staining
- All nails and screws will be removed from walls and made good
- All missing/defective sections of skirting board will be replaced
- Where minor decorations are needed in rooms, a decorations allowance will be offered to the resident on a room by room basis.

### 3.4. Windows/Glazing

The following requirements shall apply to windows and glazing:

- Glazing will be in good condition and if renewed will meet current British Standards.
- Windows will be free of rot or decay, able to be opened and closed securely
- Where window locks exist, these will be working, and keys will be issued to them
- Window restrictors with manual override function will be fitted where practicable





### 3.5. Heating and Electrical Systems

- A source of heating will be provided; this will be either a hot water radiator, electric storage heater or underfloor heating system.
- Registered Gas Safe Engineers will test gas installations and ensure pipework is checked, complete a tightness test to ensure the system is safe and issue a safety certificate.
- All Homes shall have a current NICEIC or NAPIT electrical safety report. This report must have no items marked as requiring urgent attention or investigation.
- A number of sockets will be available, and the following shall be appropriately spaced:
  - Living room. 2 double sockets as a minimum
  - Double bedrooms. 1 double sockets as a minimum
  - Single bedrooms. 1 double socket as a minimum
  - Kitchen. 2 double sockets at worktop height as a minimum, 1 socket for a fridge and one socket for a washing machine
- It is the tenant's responsibility to arrange for the connection of gas and electricity supplies, and in some cases the meter(s) too.

### 3.6. Fire Safety

The following standards shall apply:



- All front doors to flats which lead off a communal hallway shall be half hour fire resistant doors
- Internal fire doors will be fitted where applicable
- All properties will be fitted with a smoke/heat detector
- All properties will be fitted with a carbon monoxide detector where a gas installation is present.

### **3.7. Asbestos**

Enfield Council's policy is to manage asbestos

- Any asbestos identified within the property will have been made safe in accordance with our policy. Incoming tenants will be provided with specific advice and guidance regarding Asbestos Containing Materials as they relate to the individual property.

## **4. Room Standards**

### **4.1. General**

#### **4.1.1. Flooring**

- Sub Floors will be in a sound state to receive floor coverings
- Any form of wood rot/infestation will be fully treated/removed
- All floorboards will be secured and free from excessive splits. All raised nail heads and staples will be removed ready for tenant's floor covering to be laid.
- Properties will be provided with vinyl floor coverings in the following rooms only; kitchen/bathroom/toilet

### **4.2. Kitchens**

Kitchens shall meet the following minimum standards:



#### **4.2.1. Sink**

- There shall be a minimum of a single drainer sink unit.

- Splash backs shall be tiled to a minimum of 300mm (two tiles high).
- Sinks and worktops shall be sealed around edges with silicone sealant.
- All waste pipes and traps shall be free of defects with no leaks or drips.
- Any holes around waste pipes shall be sealed externally.
- Taps shall be in good condition (i.e. no dripping) and easy to operate

#### **4.2.2. Kitchen Units**

An adequate number of units shall be provided in line with the decent homes standard, as a minimum:

- There shall be a minimum of one double floor unit and work top (excluding the sink unit).
- There shall be a minimum of two drawers.
- There shall be a minimum of one double wall unit.
- A space will be provided for a fridge freezer

#### **4.2.3. Washing machine**

- Sufficient space for a washing machine will be supplied for installation under a work surface in the kitchen or equivalent position,
- Appropriate fittings will be installed to allow such installation to take place

#### **4.2.4. Stopcock**

- Location of the main stopcock will be identified, in a position which is easy to operate and will be tested for correct operation



#### **4.3. Bathrooms**

The following standards shall be provided:

#### **4.3.1. Bath**

- The bath shall be fitted securely and there shall be no leaks.
- Bathrooms shall be tiled to a height of 300mm around bath and well-sealed at the joints.
- All bath panels shall be free of defects.

#### **4.3.2. Washbasin**

- The splash back shall be tiled to a minimum of 300mm (two tiles high).
- Washbasins shall be sealed around the edges with bathroom grade silicone sealant.
- Waste pipes and taps shall be free of defects with no leaks
- Taps shall be in good condition (i.e. no dripping) and easy to operate

#### **4.3.3. Toilet**

- The toilet shall be clean, secure, free of defects, with a secure seat and the cistern shall fill at a reasonable rate.

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#### **4.3.4. Lighting**

- Light fittings shall be of a sealed type appropriate for bathrooms.

### **5. Pest Control Standards**

- The property will be free of vermin and pests

### **6. Internal Cleaning Standard**

We will do the following;

- Remove all cobwebs
- Remove drawing pins, Sellotape and blu-tac from all walls and surfaces
- Clean electrical sockets, light fittings and switches thoroughly
- Clean the kitchen units, work surfaces, cupboards, drawers and sinks hygienically and rinse off all the dirt and scum (clean the inside and outside of units, cupboards and drawers)
- Clean all bathroom fittings (toilet, sink and bath) hygienically, taking special care over taps and removing limescale

- Clean toilets hygienically and thoroughly including back, front and around the U-bend. Disinfect the floor covering
- Clean and wash down internal windows and frames thoroughly, external when accessible.
- Clean all doors thoroughly, including the front door, doorframes, architraves and side casings.
- Clean radiators at the front and as much as possible behind
- Wash down all skirting boards
- Sweep and mop all storage cupboards
- Clean all tiled areas inside and out
- Sweep all floors, and mop them with disinfectant, removing scuffmarks and paint splashes
- Deodorise all rooms
- Leave all cleaned areas dry and free of marks and streaks
- Remove paper and polythene from new sanitary ware (toilets, baths, basins)

## **7. Handover**

- We will leave a property information pack containing relevant property information and contact numbers should there be any problems with your new home

## APPENDIX B



# Enfield Major Works

# Better Council Homes Standard

## 1. Major Works

1.1. LBE has a continued programme of improvement works to make sure all our homes reach, and are maintained, at a good standard. As a minimum all properties will meet the government set Decent Homes standard shown in the table below

1.2. The definition of a decent home is one which meets all the following criteria;

*1.2.1. It meets the current statutory minimum standard for housing*

- Homes which fail this are those which contain one of more category 1 HHSRS failures

*1.2.2. It is in a reasonable state of repair*

- One or more of the key components are old and, because of their condition, need replacing or major repair, or
- Two or more of the other non-key components are old and, because of their condition need replacing or major repair

*1.2.3. It has reasonably modern facilities*

- Dwellings which fail this criterion are those which lack three or more of the following
- A reasonably modern kitchen (less than 20 years)
- A kitchen with adequate space and layout
- A reasonably modern bathroom (less than 30 years)
- An appropriately located bathroom and WC
- Adequate insulation against external noise (where external noise is a problem)
- Adequate size and layout for common areas of blocks of flats

*1.2.4. It provides a reasonable degree of thermal comfort*

- It must have adequate heating and insulation

1.3. One or more key components, or two or more other components, must be both old and in poor condition to render a property non-decent. Components which are old but in good condition or in poor condition but not old would not, in themselves, cause the dwelling to fail the decent homes standard.

1.4. LBE has adopted an enhanced standard on which to assess its properties and may replace components in advance of the published decent homes age criteria.

1.5. For components to be replaced they need to satisfy the criterion of being old (as shown in the table) **and** be in poor condition (requiring replacement or major repair). The only component which can fail based on age alone is electrical systems which will always be replaced when they reach the age given in table 1.

1.6. Work is identified stock condition data held on LBE' Asset Management System and validation surveys ahead of any work. Components are considered for replacement where they are due to fail under due to their age and condition or earlier if considered beyond economical repair.

1.7. Residents have the right to obtain clarity over decisions on improvements to their properties and make sure that the information held by LBE is correct.

- 1.8. Where an assessment has been made not to carry out works to a property and a resident disagrees with the decision, they can contact LBE Asset Management team, detailing the reason for their disagreement with the decision and requesting a review.
- 1.9. Some residents may not want improvement work to be completed on their home and can refused some elements of work, however LBE will not allow residents to refuse work that LBE consider;
- Essential to help maintain the integrity of the entire building
  - Essential for health and safety reasons (including electrical rewires)
  - Elements of Statutory compliance.
- 1.10. LBE will implement action under the terms of the tenancy agreement to undertake such work. Where an element of work is deemed essential, no other improvement work will be performed until this work is completed.
- 1.11. LBE and their contractors may refuse to carry out work where a home is considered
- To be at an unacceptable level of cleanliness
  - Have too many personal possessions
  - Be considered a risk to health or safety
  - Where there are any other breaches of the Tenancy Agreement.
- 1.12. Where properties are identified as above LBE officers will work with residents to help in making any necessary improvements to carry out the works and in helping and supporting resident in obtaining any additional support required after the works have been completed.



## LBE - Better Council Homes Standard

Building Component	Decent Homes Standard			LBE Better Council Homes Standard			Key/non-key	Notes
	Houses and Bungalows	All flats in blocks below 6 storeys	All flats in blocks above 6 storeys	Houses and Bungalows	All flats in blocks below 6 storeys	All flats in blocks above 6 storeys		
Wall Structure	80	80	80	80	80	80	Key	Age and condition
Lintels	60	60	60	60	60	60	Key	Age and condition
Brickwork	30	30	30	30	30	30	Key	Age and condition
Wall finish	60	60	30	60	60	30	Key	Age and condition
Roof structure	50	30	30	50	30	30	Key	Age and condition
Roof finish	50	30	30	50	30	30	Key	Age and condition
Chimney	50	50	N/A	50	50	N/A	Key	Age and condition
<b>Flat Roofs</b>	N/A	N/A	N/A	20	20	20		Age and condition
Windows	40	30	30	40	30	30	Key	Age and condition
External doors	40	30	30	40	30	30	Key	Age and condition
Kitchen	30	30	30	20	20	20		Age only
Bathrooms	40	40	40	20	20	20		Age only
Heating - central heating gas boiler	15	15	15	15	15	15	Key	Age and condition
Heating – central heating distribution	40	40	40	30	30	30		Age and condition

system								
Heating - other	30	30	30	30	30	30	Key	Age and condition
<b>Hot water Cylinder</b>	N/A	N/A	N/A	15	15	15		Age and condition
<b>Cold water tanks and associated insulation</b>	N/A	N/A	N/A	30	30	30		Age and condition
Electrical System	30	30	30	30	30	30	Key	Age only
<b>Extractor Fans – single dwelling</b>	N/A	N/A	N/A	10	10	10		Age and condition
<b>Extractor Fans – communal system</b>	N/A	N/A	N/A	20	20	20		Age and condition
<b>Passenger Lifts</b>	N/A	N/A	N/A	N/A	20	20		Age Only
<b>Flooring to Communal Areas</b>	N/A	N/A	N/A	N/A	15	15		Age and condition
<b>Loft insulation – gas or oil heated properties</b>	50mm	50mm	50mm	275mm	275mm	275mm		Condition only
<b>Loft insulation – electrically heated properties</b>	200mm	200mm	200mm	275mm	275mm	275mm		Condition only
<b>Cavity Wall insulation – gas or oil heated properties</b>	Present	Present	Present	Present	Present	Present		Condition only
<b>Cavity Wall insulation – electrically heated properties</b>	Present	Present	Present	Present	Present	Present		Condition only
<b>Minimum Sap Rating</b>	35	35	35	50	50	50		N/A
<b>Smoke alarms (hardwired or battery)</b>	N/A	N/A	N/A	10	10	10		Age only
<b>Carbon Monoxide Alarms</b>	N/A	N/A	N/A	10	10	10		Age only

Appendix C

<b>10 Year Capital Programme</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
	£000's									
<b>CAPITAL PROGRAMME</b>										
<b>HRA Planned Renewals</b>	51,153	41,772	41,606	35,406	14,539	14,539	14,539	14,539	14,539	13,183
<b>New Build Properties - Eligible</b>	21,141	32,986	39,988	27,463	6,481	12,963	12,963	3,241	3,241	0
<b>New Build Properties - Non-Eligible</b>	64,856	52,604	112,561	110,225	76,140	164,155	78,315	39,467	50,967	0
<b>Receipts Used For Replacement Homes Non H R A</b>	7,414	0	0	0	0	0	0	0	0	0
<b>Total Capital Programme</b>	144,564	127,362	194,155	173,093	97,161	191,657	105,817	57,247	68,747	13,183
<b>CAPITAL RESOURCES</b>										
<b>HRA Use Of Major Repairs Reserve</b>	14,168	14,546	15,026	15,629	16,289	17,096	17,875	18,201	20,405	20,553
<b>Borrowing</b>	49,000	64,000	94,500	94,000	6,000	104,000	54,000			
<b>Grant Funding</b>	14,004	14,450	49,048	6,460	9,464	31,150		21,500	28,250	
<b>Useable One-to-One RTB Receipts</b>	7,596	8,267	6,525	4,635						
<b>Other RTB Useable Capital Receipts</b>	1,861	1,914	1,967	853	874	895	917	940	963	987
<b>Receipts Used For Replacement Homes Non H R A</b>	7,414									
<b>Other Sources Of Finance</b>	17,131	16,731	20,704	45,947	55,662	31,544	25,292	16,606	19,129	-8,356
<b>Revenue Contributions To Capital Total</b>	33,388	7,454	6,386	5,570	8,872	6,973	7,732			
<b>Total Capital Resources Detail</b>	144,564	127,362	194,155	173,093	97,161	191,657	105,817	57,247	68,747	13,183

<b>10 Year Revenue Budget</b>	<b>2,020</b>	<b>2,021</b>	<b>2,022</b>	<b>2,023</b>	<b>2,024</b>	<b>2,025</b>	<b>2,026</b>	<b>2,027</b>	<b>2,028</b>	<b>2,029</b>	<b>2,030</b>
	£000's	£000's	£000's								
<b>Dwelling Rents</b>	53,684	55,802	58,675	62,097	66,406	71,243	76,021	81,588	85,975	88,731	93,840
<b>Service Charges Tenants</b>	3,667	4,760	4,892	5,045	5,227	5,443	5,698	5,965	6,188	6,359	6,615
<b>Service Charges Leaseholders</b>	4,559	5,231	5,336	5,443	5,552	5,663	5,776	5,891	6,009	6,129	6,252
<b>Voids</b>	-564	-595	-624	-658	-702	-751	-799	-855	-900	-928	-980
<b>Non Dwelling Rents</b>	3,211	3,324	3,391	3,458	3,527	3,598	3,670	3,743	3,818	3,895	3,973
<b>RTB Administration Income</b>	285	285	171	171	171	171	57	57	57	57	57
<b>Total Income</b>	<b>64,843</b>	<b>68,807</b>	<b>71,840</b>	<b>75,556</b>	<b>80,181</b>	<b>85,367</b>	<b>90,423</b>	<b>96,389</b>	<b>101,147</b>	<b>104,243</b>	<b>109,757</b>
<b>Responsive Repairs</b>	13,948	13,536	13,917	14,364	14,868	15,391	16,725	17,327	17,871	18,324	18,940
<b>Supervision And Management</b>	15,292	13,937	14,376	14,831	15,341	15,870	17,155	17,753	18,294	18,746	19,358
<b>Special Services</b>	7,561	7,690	7,843	8,000	8,160	8,324	8,490	8,660	8,833	9,010	9,190
<b>Rents Rates Taxes &amp; Other Charges</b>	710	710	710	710	710	710	710	710	710	710	710
<b>Bad Debt</b>	675	710	741	778	825	876	927	985	1,032	1,063	1,117
<b>Depreciation of Fixed Assets Total</b>	13,885	14,168	14,546	15,026	15,629	16,289	17,096	17,875	18,518	18,960	19,720
	0	0	0	0	0	0	0	0	0	0	0
<b>Expenditure</b>	<b>52,070</b>	<b>50,750</b>	<b>52,133</b>	<b>53,708</b>	<b>55,532</b>	<b>57,458</b>	<b>61,102</b>	<b>63,310</b>	<b>65,258</b>	<b>66,812</b>	<b>69,034</b>
<b>Net (Cost) Of Services</b>	<b>12,773</b>	<b>18,057</b>	<b>19,707</b>	<b>21,848</b>	<b>24,649</b>	<b>27,908</b>	<b>29,320</b>	<b>33,079</b>	<b>35,890</b>	<b>37,431</b>	<b>40,723</b>
<b>Loan Interest</b>	8,709	10,424	12,627	15,884	19,174	19,384	23,024	24,914	24,914	24,914	24,218
<b>Interest Income</b>	-120	-140	-163	-212	-241	-250	-261	-272	-284	-297	-310
<b>Notional Cash Interest</b>	-281	-243	-73	-66	-63	-75	-68	-72	-98	-297	-293
<b>Capital Account Adjustments</b>	<b>8,308</b>	<b>10,040</b>	<b>12,392</b>	<b>15,605</b>	<b>18,871</b>	<b>19,058</b>	<b>22,696</b>	<b>24,570</b>	<b>24,533</b>	<b>24,320</b>	<b>23,615</b>
<b>Net Operating Income / (Expenditure)</b>	<b>4,465</b>	<b>8,017</b>	<b>7,315</b>	<b>6,242</b>	<b>5,778</b>	<b>8,850</b>	<b>6,625</b>	<b>8,509</b>	<b>11,357</b>	<b>13,110</b>	<b>17,108</b>

<b>Development Programme</b>	<b>Total Affordable Homes</b>	<b>Social Rent</b>	<b>London/ Enfield Affordable Rent</b>	<b>Shared Ownership</b>	<b>Total Scheme Costs</b>	<b>Total GLA Grant</b>	<b>Total RTB Receipts</b>	<b>Total Headroom Required</b>
	<b>Number of Units</b>				<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Direct Delivery Sites - Council owned sites</b>	<b>1,774</b>	<b>394</b>	<b>1,136</b>	<b>244</b>	<b>566.9</b>	<b>85.6</b>	<b>25.9</b>	<b>455.3</b>
<b>Street Property Acquisitions</b>	<b>80</b>	<b>0</b>	<b>80</b>	<b>0</b>	<b>20.0</b>	<b>0.0</b>	<b>6.0</b>	<b>14.0</b>
<b>Strategic Sites</b>	<b>1,646</b>	<b>360</b>	<b>837</b>	<b>449</b>	<b>402.8</b>	<b>97.3</b>	<b>2.4</b>	<b>303.2</b>
<b>10 Year Development Programme Total</b>	<b>3,500</b>	<b>754</b>	<b>2,469</b>	<b>277</b>	<b>989.7</b>	<b>182.9</b>	<b>34.3</b>	<b>772.5</b>