

London Borough of Enfield

Cabinet

Meeting Date: 3 February 2021

Subject: HRA Revenue and Capital Programme Monitor Period 8
(December) 2020

Cabinet Member: Councillor Maguire

Key Decision: KD5250

Purpose of Report

To inform members of the current outturn position of the HRA, covering both capital and revenue expenditure.

This report was previously included as part of the Councils Monitoring (both GF and HRA) report, this is the first quarter that the HRA is being reported separately.

Capital Programme

1. The purpose of this report is to inform Members on the current position (as at the end of November 2020) of the HRA's 10 Year Capital Programme 2020/21 to 2029/30, considering the latest information available for all capital schemes including the funding arrangements.
2. The report shows the 2020/21 forecast year end expenditure for the approved programme is projected to be £74.8m.
3. The report sets out the estimated capital spending plans for 2020/21 to 2029/30 including the proposed arrangements for funding.
4. In February 2020, Council approved the 2020/21 Capital Budget and noted the 2020/21-2029/30 10-Year Programme (KD5026). This included approval for the HRA 10-year Capital Programme of £1,183m.
5. As part of the Better Council Homes – Progress, Plans and Review of HRA Business Plan for 2021 (KD 5219) report, its proposed to increase the 10-year budget to £1,268m.

Revenue Budget

6. This Report sets out the Council's revenue budget monitoring position based on information to the end of December 2020. The report sets out the position with, and without, the impact of Covid-19.
7. The Housing Revenue Account is forecasting a £0.208m increase to the approved budget.
8. The report provides an update on the forecast position for the level of HRA reserves as at the end of 2020/21.

Proposal(s)

9. It is recommended that the Cabinet notes the Housing Revenue Account (HRA) notes the forecast outturn position for 2020/21 for both revenue and capital.
10. It is recommended that Cabinet approve additional capital budget requirement of £85.8m, funded from HRA reserves.
11. It is recommended that Cabinet note the revenue Covid-19 impact of £0.208m.
12. It is recommended that Cabinet note the review of the HRA Business Plan for 2021 (KD5219)

Relevance to the Council's Plan

13. The overarching aim of the Capital Programme is to provide a framework within which the Council's investment plans can be delivered. These plans are informed by the Council's strategic objectives as detailed in the Enfield Corporate Plan 2018 to 2022. The objectives are to:
 14. Deliver good homes in well-connected neighbourhoods
 15. Sustain strong and healthy communities
 16. Build our local economy to create a thriving place
17. The Corporate plan also identifies 3 guiding principles, which underpin these objectives; they will govern how the Council communicates with residents, works with residents and works as efficiently as possible, including increasing resident access to digital services and transactions.

Background

18. The Council's Capital Programme is regularly reviewed, and monitoring reports are submitted to Cabinet on a quarterly basis. The Council continually strives to maximise external grants and contributions and attract new income streams to fund projects wherever possible and minimise the need to borrow.
19. A Business Plan review has been undertaken this year, which considers the impact of Covid-19 and the implications to the Development programme, these include:
 - programme delays
 - increased build cost due to labour and supply chain insecurities
 - downturn in sales projections due to forecasted contractions in market demand.
20. In addition, the GLA has issued its prospectus for the Homes for Londoners: Affordable Housing Programme 2021-2026 (AHP 2021-26). There are several changes compared to the BCHL programme, these include:

- No fixed grant rate – introducing negotiated route for all projects
- No funding for replacement homes (although some exception for support housing)
- Change in rent levels from London Affordable rent to Social rents
- Shared ownership entry level reduced from 30% to 10%

Main Considerations for the Council

Capital Programme

21. The ten-year capital programme is detailed in Appendix A. It shows the revised ten-year position inclusive of carry-forwards from 2019/20 and growth as part of the HRA Business Plan update. The current approved budget is shown for comparison.

22. The HRA capital budget for the current financial year is summarised in Table 1 below. It provides the latest forecast position reflecting updated programme expenditure profiles as advised by programme managers.

Table 1

Current Year Approved Capital Programme	2020/21 Budget (Q2)	Reprofiling	Additions	Virements	2020/21 (P8) Forecast	Actuals	Spend
	£'000	£'000	£'000	£'000	£'000	£'000	%
Asset-Led Works	1,957	(83)	0	187	2,061	1,138	55%
Asset-Led Works: Cambridge Road West	1,512	(612)	0	(800)	100	59	59%
Asset-Led Works: Upper Edmonton	2,000	(1,000)	0	(300)	700	50	7%
Demand-Led Works	233	(30)	0	0	203	107	53%
Demand-Led Works: Aids & Adaptations	1,400	(400)	0	0	1,000	444	44%
Demand-Led Works: Structural Repairs	220	(170)	0	0	50	4	8%
Development Programme	19,425	3,688	0	(236)	22,877	4,168	18%
Development Programme: Bury Street	8,059	(2,746)	0	0	5,313	954	18%
Development Programme: Electric Quarter	8,835	(3,166)	0	0	5,668	0	0%
Estate Regeneration	2,190	(29)	0	0	2,161	480	22%
Estate Regeneration: Alma Towers	11,923	(637)	0	283	11,569	2,790	24%
Estate Regeneration: Ladderswood	189	0	0	0	189	55	29%
Estate Regeneration: New Avenue	11,188	0	0	(39)	11,149	917	8%
Estate Regeneration: Small Sites	398	0	0	(7)	390	34	9%
Fire-Led Works	5,212	(2,174)	0	(171)	2,867	982	34%
Stock-Condition-Led Works	11,675	(4,701)	0	734	7,708	4,920	64%
Stock-Condition-Led Works: Boroughwide	2,759	(2,244)	0	350	865	301	35%
Total Capital Programme	89,174	(14,303)	0	0	74,871	17,404	23%

23. Table 2 analyses the HRA budget reprofiling, with explanations below the table for the significant items.

Table 2

HRA Budget Reprofiling P8	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Future Years £'000	Totals
Asset-Led Works	-83	83	-187	0	0	0	-187
Asset-Led Works: Cambridge Road West	-612	1,412	0	0	0	0	800
Asset-Led Works: Upper Edmonton	-1,000	1,300	0	0	0	0	300
Total Asset-Led Works	-1,695	2,795	-187	0	0	0	913
Demand-Led Works	-30	30	0	0	0	0	0
Demand-Led Works: Aids & Adaptations	-400	400	0	0	0	0	0
Demand-Led Works: Structural Repairs	-170	170	0	0	0	0	0
Total Demand-Led Works	-600	600	0	0	0	0	0
Development Programme	3,688	-35,797	-83,041	-33,090	-15,974	164,020	-194
Development Programme: Bury Street	-2,746	2,746	0	0	0	0	0
Development Programme: Electric Quarter	-3,166	3,166	0	0	0	0	0
Total Development Programme	-2,224	-29,885	-83,041	-33,090	-15,974	164,020	-194
Estate Regeneration	-29	462	0	0	0	0	433
Estate Regeneration: Alma Towers	-637	659	15	15	15	-350	-283
Estate Regeneration: Ladderswood	0	0	0	0	0	0	0
Estate Regeneration: New Avenue	0	0	0	0	38	0	38
Estate Regeneration: Small Sites	0	7	0	0	0	0	7
Total Estate Regeneration	-666	1,128	15	15	53	-350	195
Fire-Led Works	-2,174	5,151	0	-2,806	0	0	171
Stock-Condition-Led Works	-4,701	5,399	0	-1,432	394	0	-340
Stock-Condition-Led Works: Boroughwide	-2,244	1,500	0	0	0	0	-744
Total Stock-Condition-Led Works	-6,945	6,899	0	-1,432	394	0	-1,084
Total HRA Reprofiling	-14,304	-13,312	-83,213	-37,313	-15,527	163,670	0

24. Asset Led Works

25. Contract Award was delayed at both the Upper Edmonton and Cambridge Road West Schemes, mainly due to the identification of high leasehold bills at Notice of Estimate stage, which has required detailed internal scrutiny, prior to issue. Start on site has been delayed by 10 weeks and the budget has been re-profiled to reflect this. Contract for Cambridge Road West is now awarded, and works mobilised to commence on site in January 2021.

26. Demand-Led Works

27. Enabling to delivery aids and adaptations works has been delayed due to access restrictions due to COVID19 guidance.

28. Development Programme

29. Four schemes (Gatward Green, Newstead House, Maldon Road and Bury Street West) are on site, of which three are making good progress. The 2020/21 pipeline included Upton and Raynham, Exeter and Bullsmoor Lane

but, due to COVID19 related delays and other scheme development issues, the expected start on site has been delayed and the budget re-profiled.

30. Capital budgets and spend anticipated for Upton and Raynham, Exeter Road, Bullsmoor Lane, Dendridge Close and Kempe Hall has now been delayed and these schemes won't commence until the new financial year. Budgets have been re-profiled to reflect this.
31. The sales agreements at Electric Quarter are due to be signed shortly, The budget profile has been updated to reflect the payment profile, for the handover of 3 blocks in this project.
32. The development programme has been re-assessed in light of the updated grant funding conditions from the GLA. The impact of this has resulted in projects being moved into future years to reflect the shortfall in grant funding and shared ownership receipts.
33. Fire Led Projects
34. Given the complex nature of the works and the requirement to enter into resident's homes to complete the required safety works, start on site has been deferred. Social distancing requirements and the impact on speed of delivery, due to reduced labour levels on site, have elongated delivery as such, spend has had to be reprofiled across all schemes into next financial year.
35. Tendering timescales impacted by Covid-19 in early 2020, have delayed mobilisation. Contracts now awarded for Bliss & Purcell, Channel Islands and Brittany House, with work mobilising in early 2021.
36. Stock Condition Led Works
37. Term contracts have now been procured to deliver a three-year programme of decency led works. Works are planned to commence on site in early January.
38. Delivery timescales for production of the bathroom modules has been extended due to manufacturing slow down, pushing the start date for the Bathroom replacements at Brimsdown road to January 2021.
39. OJEU tenders for external envelope works and heating works to properties across the Borough have been delayed by 3 months due to a lack of internal capacity to issue the tenders. Projects will mobilise in the new financial year.
40. **HRA Capital Programme: Forecast and Expected Outcomes for 2020/21**
41. Council Housing Investment Programme
42. In line with the Better Council Homes programme, investment in the Council's housing stock is a priority to bring it up to the Decent Homes Standard, address building safety risks and to reduce the need for responsive repairs. This has resulted in programmes that fundamentally aim

to tackle the aging infrastructure in the stock and address at a root cause level the persistent problems such as leaks and lift failures.

43. Major and Minor Works have now been reclassified into: Demand-Led Works, Stock-Condition Works, Asset & Fire-Led projects, to reflect their scope and purpose.
44. Asset-Led Works (£2.86m)
45. This year's programme, is focused on replacing external elements of the building fabric that have reached the end of their functional life, ensuring homes are weather tight and free from damp before winter.
46. Programmes include the replacement of flats roofs; rainwater goods; external brickwork and concrete repairs; replacement windows and doors and the redecoration of timber elements, to protect them from deterioration and extend their life span.
47. Works will benefit circa 600 homes across three Estates: Enfield North, Cambridge Road West and Upper Edmonton.
48. A standalone project is being undertaken at Churchbury Road to address structural and latent defects in the wall construction and window installation. This scheme will also incorporate improvements to the thermal performance (Standard Assessment Performance (SAP) ratings) and fire integrity, as a result of the opening of the wall structure.
49. The aged communal boiler plant at Pruden Close Sheltered block, is being replaced with a new ground source heat pump (GSHP) in line with the Council's Carbon reduction strategy, which will also deliver more efficient, reliable and cost-effective heating and hot water for residents.
50. Demand-Led Works (£1.25m)
51. A new term contractor has been engaged to enable the delivery of in-flat aids and adaptations works, although access to undertake works, has been impacted by COVID19. Delivery is being monitored and the programme re-prioritised where we are unable to access homes.
52. A budget has been allocated to failing water infrastructure at the four Exeter Roadblocks, enabling the Council to bring forward the replacement of water supply and waste pipework, to mitigate the impact of recurring leaks on residents, benefitting 340 households.
53. In addition, at the request of residents, a budget of £20k has been allocated to the Exeter Road blocks to seal the existing internal bin chutes and make external bin storage provision, to address noise and foul odours.
54. The above works will be delivered via the planned building safety programme, currently being scoped, with works due to commence on site in January.
55. We are currently awaiting the results of a stock wide structural survey programme, to allocate this year's structural remediation budget.

56. A proportion of the annual environmental improvement budget has been allocated to several schemes nominated by colleagues across the housing department, to address a variety of concerns raised by residents regarding:
 - Potholes in vehicle routes
 - Resurfacing of roads and pedestrian pathways
 - Paving replacement
 - Provision of external bin stores
57. Survey works are currently underway across several estates, including Joyce and Snells, Oswald's & Newdales and others, to identify priority works that need to be undertaken.
58. Development Programme (£33.85m)
59. The 10-Year Development Programme is targeted to deliver approximately 3,500 new affordable homes by 2029/30 funded through a mix of GLA grant, Right to Buy (RTB) receipts, HRA borrowing and cross subsidy from sales. The programme aims to bring forward several Council owned sites to develop housing and generate a long-term revenue stream to support the provision of wider Council services included in the HRA 30-year Business Plan. Although a variety of tenures will be created, the focus will be on Council homes for residents on the waiting list. To increase pace of delivery, the Council is exploring construction of modular homes which will help to meet GLA targets and bring in rental income earlier.
60. In 2019/20, starts on site were achieved on 5 sites (Electric Quarter, Bury Street West, Gatward Green, Newstead House and Maldon Road) and 50% of the GLA grant allocation for the sites was claimed.
61. Thus far in 2020/21, the demolition of Newstead House is complete and super-structure works are underway at Newstead House, Maldon Road and Gatward Green. Also, enabling and remediation works are underway at Bury Street West.
62. The expected spend this year will enable:
 - Continued construction of homes at Bury Street West, Gatward Green, Newstead House and Maldon Road. With all but Bury Street West, (which completes in October 2022) expected to be at second fix or further advanced by March 2021. The completed homes will create an additional revenue stream over the 30-year business plan, primarily from rents. Although, the contractors have indicated that they intend to keep their sites open if it is safe for them to continue, further lock-downs could result in significant delay due to supply chain shortages. Contractors are already reporting shortages in ironmongery and other building materials that are manufactured outside of the United Kingdom.
 - Acquisition of Beck House, at Upton and Raynham, into 100% Council ownership, thereby reducing cost of third-party temporary accommodation, reducing anti-social behaviour and preparing the site for demolition and redevelopment. Negotiations are ongoing with leaseholder to avoid reliance on a CPO, which would significantly delay the scheme.

- Acquisition of newbuild units at Electric Quarter by March 2021, which will deliver £17.6m in rental income over the 30-year business plan. The developer has indicated that they intend to work through a second lock down, so long as it is safe to do so. Any further delay could push delivery, grant draw down and the final payment to Lovell to March 2021.
 - Accelerated feasibility design that facilitates the delivery of good quality homes which aligned to resident needs.
63. The 2020/21 pipeline included Upton and Raynham, Exeter Road and Bullsmoor Lane but, due to COVID19 related delays and other scheme development issues, the expected start for these sites have been re-profiled into the 2021/22. Also, due to delays in application for payment at Bury Street West, the budget was reprofiled to reflect the latest payment plan. These variations were note in Q1 and Q2.
 64. Bury Street West development, which will deliver 50 new homes of which 25 will be affordable, as seen significant delays due COVID19 (the contractor downing tools during lockdown, and reduced capacity due to safe operational practices on return, resulted in a 12-week slippage) and site abnormalities. Recently, the contractor has uncovered a significant amount of asbestos on site that is likely to require extensive remediation at a cost of approximately £1m which exceeds the budgeted contingency. This overspend could be mitigated through an equivalent reduction in the overage due to the General Fund.
 65. Estate Regeneration (£25.45m)
 66. The estate regeneration programme includes the Alma Estate, New Avenue and Ladderswood. These schemes are investing in large scale phased regeneration projects which are delivering much needed affordable housing and unlocking new homes for low cost home ownership for Enfield residents. As a result of Covid-19, sites stalled on Alma and New Avenue for approximately two months during the lockdown from March to June. Additionally, in line with social distancing, the capacity on site has reduced by 30% in most cases, which will impact on construction activity. This is being closely monitored and forecasting will continue to reflect changes to spend if pace does slow down on site, particularly in light of expected tightening of restrictions in London
 67. The changes to building regulations, including requirements for sprinklers and future proofing through use of appropriate cladding/materials, will increase build costs. Developers are required to deliver compliant homes, but this is likely to be a point of negotiation, particularly in terms of future proofing through anticipating requirements yet to be introduced. Currently there are discussions underway to increase the number of units across the projects, which are subject to planning and will, if approved, fall into the new regulatory requirements. Over the 30-year business plan, the estate regeneration schemes will deliver rental income for the Council and help to rebalance the age/investment profile of the stock.
 68. The investment this year will deliver:

- 177 newbuild completions, of which 78 will be Council owned rented homes, 46 shared ownership and 53 open market sale homes.
- 583 starts on site
- New community centres
- New Youth centre
- New Commercial units and revenue stream for the Council
- New Nursery
- Open space play area for families
- Construction jobs with over 30% local labour workforce
- Activity sustaining local high street economy
- 36 new homes adapted to meet the enduring needs of tenants
- Private sector investment

69. Alma

70. The investment will unlock 340 starts on sites (all tenures) and enable vacant possession of existing commercial units and leaseholder buybacks. Demolition of two of the three remaining towers (Cormorant and Merlin) has commenced to maintain construction while the intensification planning strategy is progressed. A new Youth Centre will be delivered by the end of the year for estate residents. A new energy centre is planned to complete this year, which supports the wider corporate priorities to increase future capacity for Ponders End and income for Energetik. Fit Out is due to commence on a new medical centre and construction set to start on a new community centre, to replace the existing facility and unlock the site for residential redevelopment. Options are currently being explored for how the community centre can be best utilised to provide a facility for the community whilst also bringing in revenue to the Council.

71. The main risk on Alma relates to the need to secure a successful planning application that meets housing needs and our financial requirements. The housing mix and phasing are to be negotiated with the Countryside Properties UK (CPUK) which will need to be resolved by the end of quarter two to maintain progress on site. If not resolved satisfactorily in line with the Development Agreement (DA) expectations in the HRA, there may be financial implications for the business plan. Although values have improved, the overage forecasts in the HRA are unsecured, as the income is linked to market sales. An assessment of the DA obligations and likelihood of a return in the current market has been undertaken and will continue to be monitored.

72. Ladderswood

73. The scheme will deliver a new Community centre (to be owned and managed by One Housing Group) and 6 new commercial units (with income going to LBE) this year alongside the hotel and 135 residential units of which 21 were affordable (owned by One Housing Group) that completed last year. Works were scheduled to commence on site for Phase 4 in February 2021, but the LLP have indicated there will be delays whilst they amend design work in response to the latest fire regulations. The residents will be decanted into the new build properties owned by One Housing Group, which offer a better quality of accommodation. Due to changes to the GLA grant offer, the optimised scheme (which would have intensified the scheme from 517 homes to c.1000 homes) is no longer being

progressed as a viable option. The LLP are due to respond shortly with a revised programme which will be used to update the HRA Business Plan in terms of coverage.

74. The main risk relates to the planning timetable for the commercial units. The Council has applied liquidated damages as the units should have been ready last year for occupation. In terms of income, the business plan assumes £22m in 2022/23, but this will need to be re-profiled to reflect the latest estimates. Negotiations with the developer are seeking to de-risk any income loss and maintain construction as per the current phasing. At present there is a planning requirement to offer the units at their current use class (light industrial) for 12 months before an application can be made for a change of use (to retail), the units have now been marketed for 6 months so there is a remaining six month period to go. However, this may be reduced in response to the impact of Covid-19 and/or the recently announced changes to national planning policy.
75. New Avenue
76. The project is on track to deliver 78 affordable housing completions this year, which will enable all remaining 57 tenants and leaseholders to be rehoused in newbuild accommodation in Phase 1. The housing offer is a like-for-like replacement but better designed to meet the needs of the residents. 18 units have been adapted at additional cost to the scheme, to improve the quality of living for the residents. These adaptations range from minor adaptations to through-floor lifts and wet rooms. The remaining 21 units on Phase 1 will provide additional affordable housing for those in housing need. By accelerating the affordable housing in Phase 1, the decant will unlock Phase 2 and 3 for development and save on costs associated with keeping residents in the old stock, such as ongoing maintenance and provision of an independent tenant and leaseholder advisor. The Council and the developer are currently engaged in dialogue around maximising the performance of phase 2 and 3 to return the optimum land receipt and housing mix to the Council.
77. The main risks on New Avenue are viability which may impact on the projected income for the project. Due to significant site wide infrastructure and flood attenuation, Phase 1 has resulted in increased costs and borrowing for Countryside Properties UK (CPUK). Over the project lifetime, the HRA is forecasting income of £14.5m in receipts, based on land receipts and leaseholder buyback reimbursements from the Developer. The Council is working with CPUK to achieve our commercial and housing requirements whilst ensuring delivery and forecast receipts are as planned. We are currently reviewing the use and phasing of GLA grant on this scheme which may require reprofiling of capital budgets.
78. Small Sites - The development of this project is complete; the remaining budget will cover the retention payment and any outstanding project costs.
79. Fire-Led Projects (£2.86m)
80. Walbrook House - As one of our High-Rise pilots, the scheme will encompass a full deep retrofit of the block, encompassing cladding and

thermal improvements; replacement windows; new heating source; lateral main upgrades and active and passive fire safety system improvements

81. The building will be the first of our high-rise residential buildings to achieve our EPC B target and be carbon neutral, delivering warmer, safer and more cost-efficient homes to 123 households.
82. Design team appointments have now been made up to RIBA stage 3 and a number of preliminary enabling work packages are currently being tendered.
83. Several meetings have taken place with Energetik to explore connecting the block to the heating network, as a cost and time effective alternative to the installation of a Ground Source Heat Pumps. A full options appraisal is awaited.
84. In order to speed up delivery and ensure the block is re-clad in the shortest possible timescales and mitigate potential health impacts to residents as we enter the winter months, a Rule 16 exemption has been secured.
85. Bliss & Purcell Houses: External works to re-clad the blocks were successfully delivered last year, this second package of works, looks to improve internal active and passive systems; replace aged expired water supply and waste services and improve building security. Works are due to commence on site in November (start of works deferred to avoid second wave and allow for urgent lift refurbishment work to be completed)
86. Planned lift replacement works will be delivered in accordance with residents' preferences.
87. Channel Islands (4 blocks – 200 homes): As above, this package of works looks to replace the age expired water and service infrastructure, whilst upgrading existing active and passive fire precautions. Tenders have been returned and the project is at pre-award stage. Work is due to commence on site in January 2021.
88. Brittany House (Sheltered scheme – 89 homes): Brittany as the Council's tallest sheltered scheme is being retrofitted with sprinklers to ensure the safety of residents, in line with current best practice. A number of internal active and passive fire safety works are also being completed.
89. The project has been delayed, due to the need to shield residents. Tenders have been returned and works are due to commence on site in the new year.
90. Building Safety Works packages (five packages – 1,000 homes): This year sees the start of our main programme of building safety works across our high-rise residential buildings, to ensure that we meet our existing and future statutory duties under the forthcoming Building Safety Bill and residents are safe in their homes.
91. Works at 20 tower blocks, which equates to 1,000 homes has been prioritised within this year's programme;
 - Jackson & Swinson Houses

- Gainsborough, Bonnington & Constable Houses
 - Brookbank House
 - Shropshire, Cheshire, Hereford & Leicester Houses
 - Scott & Bridport Houses
 - Kettering & Exeter Roadblocks (8no)
92. Whilst the extent of works varies from block to block, all blocks will receive; new third party certified flat entrance fire doors sets; new communal certified fire doors; fire compartmentation improvements; in-flat detection, signage and decorations. Two blocks will also have small scale cladding remediation undertaken in line with Government guidance, whilst others will have life expired window and spandrel replacements.
93. Whilst we have included the retrofitting of sprinklers in scope of the work packages, progression of this element will be subject to central government funding being made available.
94. The above work packages are currently at pre-tender stage and we expect works to be on site in the new year.
95. A small budget has also been made available to address works at Cormorant, Curlew and Shepcot Houses, pre-demolition. These works are being procured separately.
96. A Borough wide flat fire door replacement programme has now been procured and has commenced on site. It will deliver replacement fire doors across circa 8,000 homes over the next three years, ensuring that residents benefit from the highest level of fire safety, but also enhanced security. Leasehold owners will have the opportunity to buy into the programme and attain a new fire door set, at below market rate. The Council is also waiving landlord alterations costs and building control charges, for those leaseholders who wish to purchase a door via this programme.
97. A programme of compartmentation and communal fire door replacements is also being delivered by our building safety team, across the mid and low-rise stock.
98. Stock-Condition-Led Works (£8.57m)
99. External flat and house programmes: These are similar in scope to the asset led programme detailed above, four programmes of works totalling circa £3.4m are currently being procured to address the condition of external fabric to mid-rise flat blocks and houses, including replacement and repair to roofs; rainwater goods; external wall repairs and window replacements. This programme will assist in reducing damp, cold and water ingress and improving thermal performance across the stock. The programme will deliver:
- New roofs - 735 homes
 - New Windows - 506 homes
 - New external doors - 1029 homes.
100. Domestic heating programme (1,250 homes): In 2020/21 £1.4m will be invested in replacing central heating boilers to 1250 homes which have

reached the end of their life, with new energy efficient boilers, improving performance and delivering more efficient and cost effective, heating and hot water for residents.

101. Kitchen bathroom and electrical upgrade works (3,700 homes): As of the 31st March 2020, we had identified via the last year stock condition survey, that 3,306 homes were identified as non-decent. As such we have tendered two new term contracts to deliver a programme of decency led works over a three-year term, which will deliver improvements to all those homes whilst also addressing additional homes, where we believe improvements will become due over the term of the contract. (DAR approval awaited to award).
102. Additional homes may be added to this programme where identified, during our ongoing stock condition survey programme.
103. Brimsdown modular bathroom scheme (207 homes): this year's programme incorporates the replacement of modular bathroom units to 207 homes, to replace age expired extensions, installed to provide internal bathrooms in the 1970s. The modular units will provide a modern and well insulated bathroom, reducing cold damp and mould and improving decency standards across the housing stock. New energy efficient boilers will also be fitted, improving overall energy performance and reducing heating bills for residents.
104. Specialised housing: warden call systems and communal AFD upgrades. As part of an enabling package, ahead of planned works in future years to enhance fire safety, this year we will be replacing the warden call systems and communal fire alarm systems across 9 schemes, to replace life expired hardware and enable digital data transfer. The project is currently at pre-tender stage, awaiting confirmation that the ARC upgrade has been completed.
105. Lift replacement programmes (7 blocks): a programme of lift replacements will be delivered this year to replace lifts which have now reached their end of life and address increasing service outages, which are have a detrimental impact on residents. Lifts will be replaced at:
 - Burgundy; Normandy & Picardy houses
 - Dover House
 - Walmer House
 - Jackson & Swinson Houses
106. Dry riser installations (12 blocks): works to retrofit dry riser installations at 12 high rise blocks, has been completed.
107. Communal boiler replacement (Buckfast House & Chaddlewood): tender documents to replace the communal boiler plant at the above two sheltered schemes are currently being finalised, we expect works to commence on site in November.
108. Water tank replacement works delivery has been delayed due to COVID19, due to contractor shut down. The M&E team have taken the opportunity to review the project scope, with a view to converting homes to mains fed water and removing stored water. The impact of this change in approach,

has not yet been quantified, but it is likely to result in an underspend, as we remove units from scope. Spend has been reprofiled to next year.

109. Social Value

110. Year to date contracts awarded in the second quarter will deliver the following social value outcomes:

- Apprenticeships
- school placement/ work experience placements, with 4 targeted at BME and disabled school leavers
- DIY skills workshops (2 per year) for residents
- greening projects
- A commitment that 40% of all contract labour will be from Enfield residents
- A 3-tonne reduction in carbon generated from the council
- 100% recyclable waste target
- Resident energy awareness programme to address energy consumption and fuel poverty.

111. Moving forward all Social Value outcomes will be captured via the Social Value Portal, using the Council Housing social value model. Social Value will account for 10% of the tender evaluation score.

112. Joyce and Snell's Estates

113. The ballot was postponed from June 2020 due to Covid-19. Work is underway to develop a viable masterplan that reflects the needs of the existing residents and future housing requirements. The current spend profile relates to the cost of design development, financial modelling and the ballot. Critical to the viability is the housing offer being made via the Landlord Offer, as this forms the basis of the Council's financial requirement in the HRA.

114. The main risk is if the ballot is unsuccessful then the costs incurred to date will revert to revenue, which will increase pressures on core services.

115. Risks

116. New and emerging legislation around the Building Safety, Decency standards and the Climate Action agenda, are placing significant financial pressures on the Housing Revenue Account and it is acknowledged that the Council will need to explore external funding and continue to lobby Central Government, for additional financial support, to enable it to deliver this strategy.

117. Development Programme

Risks relate to planning timescales and cost of development. In the current climate, the contractor market is likely to amend pricing to include the risk of reduced supply and material chains which will impact on the Council's ability to deliver within hurdle rates. Based on tender prices for the schemes on site and initial feasibility for sites in this year's programme, increasing the unit build cost to £300k (including professional services for design development) will de-risk the programme in the next two years.

118. Changes in grant conditions could impact the future development programme i.e. reduction in rent levels and grant receivable. The new AHP doesn't have grant certainty as the previous programme had, with no fixed grant rate and the minimum grant being £65k per unit (assumption in BP £150k). If all schemes were to receive the minimum allocation the programme will be unaffordable.
119. The current 10-year development strategy will be reprofiled to accelerate housing sites with minimal site constraints, identify a package of sites for disposal and increase private for sale homes to cross-subsidise homes. For sites which present affordability challenges to the business plan, the Council will explore joint ventures with Registered providers and contractors to ensure the most value is created from the direct delivery schemes.
120. Small Sites Risk – reviewing current tenure mix of units with a view to changing shared equity units to London Affordable Rent (LAR). This will lead to loss of initial capital receipts, but the Business Plan will benefit from the long-term rental income.
121. The overall programme risk is the availability of grant for future years which is likely to have a stringent set of restrictions. In the short term, it is important to develop processes and a flexible approach to planning and hurdle rates to maintain grant levels currently allocated for this financial year. Current grant conditions require the Council to deliver by 19 March 2020, which if achieved will put us in a good position for any new funding.
122. Achieving start on site for the 2020/21 GLA programme poses significant challenges and conversations are underway with the GLA to mitigate against the risk of losing the grant.
123. However, if the Council is unable to deliver its full Building Council Homes for Londoners programme, the assumptions for HRA capital and income will need further review. The GLA has recognised that the level of grant is insufficient to provide the necessary subsidy to ensure delivery in the light of the pressures we and other Councils face. It is lobbying Government for increased funding to increase the scale of the programme and to address the cost/subsidy pressures. This is key to the long-term success of our Development programme.
124. **Additions**
The annual review of the HRA 30 year business plan will be presented to Cabinet in February, this includes the increase in the capital programme budget.

There has been significant changes to the development programme as a result of the following:

- Updated GLA grant conditions set out in the new Affordable Homes Programme, including, reduced rents, level of grant uncertainty and less favourable shared ownership offer
- Increase in average build cost per unit from £250k to £300k, based on current market conditions
- Reduction in private sales value

These changes have increased the cost of delivering new homes by £85m and this has been reflected within the latest budget projection.

It should be noted that the additional budget request will be funded from HRA reserves and no additional borrowing requirement (other than already approved) will be needed.

Additions	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	Total
£000's											
Asset-Led Works	0	0	0	0	0	0	0	0	0	0	0
Demand-Led Works	0	0	0	0	0	0	0	0	0	0	0
Development Programme	0	0	0	0	0	0	0	0	47,982	37,872	85,853
Estate Regeneration	0	0	0	0	0	0	0	0	0	0	0
Fire-Led Works	0	0	0	0	0	0	0	0	0	0	0
Stock-Condition-Led Works	0	0	0	0	0	0	0	0	0	0	0
Total HRA	0	0	0	0	0	0	0	0	47,982	37,872	85,853

125. Financing the Capital Programme

126. Table 3 sets out the financing position for the 2020/21 to 2029/30:

Table 3

HRA APPROVED CAPITAL PROGRAMME	2020-21	2021-22	2022-23	2023-24	Future years	Total
	£'000	£'000	£'000	£'000	£'000	
Grants & External Contributions	4,303	19,324	12,482	15,514	75,171	126,794
Capital Receipts	15,337	10,018	9,459	6,213	23,389	64,416
Major Works Allowance	10,943	11,067	11,257	11,474	82,636	127,377
Earmarked Reserves	34,288	69,221	22,217	42,294	352,729	520,749
Borrowing	10,000	59,000	61,000	59,000	240,556	429,556
TOTAL	74,871	168,630	116,415	134,495	774,481	1,268,892

127. Revenue Forecast Outturn

128. The current HRA forecast for quarter 3 is a balanced position, however, due to additional pressures as a result of Covid-19 the additional costs and loss of income are estimated to be £0.208m, a decrease from the Quarter 2 position of £0.668m. The change is predominately due to savings found in the repairs budget (details below). This pressure will be maintained within the overall HRA budget.

The movements in outturn are explained below and shown in detail in Appendix B below:

Supervision & Management (£0.270m overspend)

129. Communal Services

Covid-19 related spend in this area is c. £0.225m to date. It is estimated that the full year costs will be £0.270m due to the following:

- **Agency & Overtime**

There has been a requirement for 10 extra agency staff which were added to the current 5 (5 ongoing agency staff within budget) agency staff within the service; these were essential to maintaining the service.

The additional agency staff are being used to backfill full time employees who were quarantining due to underlying health conditions as well as attending emergency requests.

Costs have increased to ensure all communal spaces were cleaned to a safe standard through the peak of the pandemic. This has decreased as a result of the recent revision of rotations.

- **Equipment and Supplies**

Vital spend to ensure the Government's guidance on cleaning and hygiene is adhered to. This included purchasing of new machines, chemicals and equipment meaning the correct level of cleaning could take place in the communal areas.

- **PPE**

At the beginning of lock down, PPE was at its highest market cost due to the national shortage. This spend is based on bulk purchasing to supply Housing and the wider council. This will be an ongoing spend however, it will be reduced to market prices coming down and other teams having access to purchasing PPE. As a precaution to a potential local lock down, additional stock has been purchased to ensure the safety of our staff when operating near our customers.

- **ASB Weekend Patrols**

In line with operation 'LAKENVELDER', the weekend patrols will likely continue until government advice changes on 'social distancing'. Since the commencement in July 2020, the weekend teams have been slightly reduced from the originally capacity.

130. **Repairs Service (£0.591m underspend)**

As of the 1st of May, Enfield Repairs Direct (ERD) successfully took responsibility as the primary service provider for general building repairs across Council Housing. Whilst being restricted to only delivering essential repairs at the time, ERD have worked alongside its support contractors to ensure it was able to sustain a full essential repair service, delivering all emergency and urgent repairs required throughout the period and subsequent to restrictions being lifted, have and continued to work across the borough to address the backlog of non-essential repairs that have arisen during the period of lockdown.

In relation to savings post Covid-19 the service has worked to identify revenue savings from the 2020/21 budget, these have included:

- i. The deferral of an £0.800m external house painting programme

- ii. A targeted reduction in void repair costs within the year delivering an anticipated £0.550m saving on the void budget
- iii. Provisions for income from additional chargeable works that can be undertaken by Enfield Repairs Direct.

The above delivers a £1.5m saving in the HRA to date.

- In addition to these savings further savings have been identified showing an overall underspend of £591k. This year has seen a reduction in routine orders raised due to Covid-19. Routine works haven't been completed due to not being able to enter properties during the lockdown period. These works are now in progress, but the delay will result in a budget saving this year.
- The salary budget for Repairs is still awaiting staff capitalisation transactions to be posted into the financial ledger.

131. **Dwellings Rent – (£0.282m overspend)**

Due to restrictions on letting properties, there will be additional void costs. The estimated void rate for this year was 1%, data up to week 39 now shows that the average void rate over this period has increased to 1.83%. The table below shows the total rent loss per month for general needs and sheltered properties, these are now let:

Month	No. Properties Let	Rent loss in period £
May	5	9,140
June	34	51,545
July	34	38,854
August	49	53,819
September	42	41,539
October	33	41,848
November	45	24,993
December	27	20,933
Total void loss P8	269	282,671

The table shows the total rent loss to date of £0.282m.

132. **Community Halls (£0.247m overspend)**

There has been no bookings or usage of the community halls in the first two quarters of the year. The amount of £12.5k has been refunded for the bookings that did not go ahead.

Since September three Nurseries have secured a lease with Guaranteed income and Boundary Hall is let to the Regeneration team.

Last year, the average income for this period was £31k per month. It is hard to predict whether that capacity will be reached with the winter approaching and possible 2nd wave of Covid-19 and government restriction on social gatherings. In addition, the service will be looking at how it can make best use of all the councils community assets so this may involve some rationalisation.

At this point of time, the service assumes that there will be a deficit of £0.247m from the current budget of £0.374m for 2020/21.

133. Day to day Service Charge and Major Work Income Collection

134. Income Collection

As indicated below the service has seen a significant reduction in income collected for both Service Charges and Major Works. Following discussions with the income team this has been attributed to several factors:

- i. The service encountered more leaseholders advising that they are unable to make payment due to financial pressures. As the service was only making phone calls as part of a “soft approach” it could not follow up with enforcement options; and
- ii. In order to deal with the incoming enquiries for service charge actuals, income officers were taken off their usual call duties to deal with incoming calls and handle initial requests. This lasted for just over a week. As a result, there was a reduction in the number of calls that could be made in the month of September.

Enforcement procedures have started from 1st October. Income officers are continuing to make regular contact with residents to encourage payment on the spot. This is starting to show a positive result with increased collection across both service charge and major works.

Service Charge amount	April	May	June	July	Aug	Sept	Oct	Nov	Dec
	£000's								
Collected (£):	336	341	345	343	369	232	442	491	490
Outstanding Balance (£):	180	234	284	337	364	535	490	396	396
Invoiced (£):	395	396	395	395	396	397	397	397	397

135. Major Works

Major works collections have been decreasing in line with our predictions.

Major Works amount	April	May	June	July	Aug	Sept	Oct	Nov	Dec
	£000's								
Collected (£):	242	156	109	82	185	90	85	191	191
Outstanding Balance (£):	4,366	4,214	4,124	4,041	3,923	3,834	3,754	3,546	3,546
Invoiced (£):	-27	-6	20	-2	-5	18	5	-5	-5

136. Overall the collection of leaseholders arrears is on average 94%, compared to the previous year's collection of 96%

137. Bad debt provision

A review of the bad debt provision has been calculated and the current provision and contribution levels are considered sufficient. The original bad debt provision was increased by 25% to cover forecast increase in tenants arrears due to Covid-19 impact. The current arrears levels have seen a small reduction in levels of 0.5% up to week 39. There has been an insignificant impact on arrears levels this year, particularly in the current

climate. This is due to the improvements made by the income collection team, including the introduction of 'RentSense' which has assisted in more targeted intervention work.

138. Efficiency savings

The HRA Business Plan has an efficiency target of £1.4m to be achieved in this financial year. The following table represents the savings and pressures forecast to ensure the efficiency saving is achieved:

Savings	£000's
Vacancy factor from 2.9% to 5%	-264
Repairs - various	-1,500
Supervision & Management running cost savings	-114
Total Savings	-1,878
Pressures	
Redundancy costs	250
Feasibility budget	500
Total	750
Net Savings	-1,128

Further work is in progress to achieve the full target. The Covid-19 pressure will be funded from HRA revenue reserves

139. Earmarked Reserves

The level of HRA reserves is shown below and have remained stable:

Reserves	31 March 2020	Forecast Transfers 2020/21	Forecast Balance 31 March 2021
HRA	£m's		
HRA Repairs Fund	(21.997)	(0.591)	(21.997)
HRA Insurance	(0.323)	0.000	(0.323)
Total HRA Reserves	(22.320)	0.799	(22.319)
HRA Balance	(4.623)	0.000	(4.623)
Total HRA Reserves and Balances	(26.943)	0.799	(26.942)

Public Health Implications

140. Through investment in capital building and maintenance; the Council influences the built environment within Enfield significantly. The built environment in turn influences how residents interact with their environment; for example, during active travel or accessing facilities. Ensuring that our capital buildings are maintained, fit for purpose, and wellbeing considerations are taken in terms of their use, how they promote residents' wellbeing is key to contributing positively towards the public's health. Additionally, ensuring that all buildings have minimal environmental impact also contributes towards enhancing resident's wellbeing.

141. The Council moved swiftly to safeguard the health of its residents and staff during a period of threat unprecedented in living memory. As previously reported the financial implications of this have been harsh and have reached

into every department in the Council. As the council is fundamental to the health of Enfield residents it needs to achieve financial balance.

142. This report notes the work that the Council is and has already undertaken and therefore in and of itself does not have public health implications. However, both the Office for Budget Responsibility (OBR) and the Institute for Financial Services (IFS) have both reported on the negative health effects of the 2008 financial crisis. In order to mitigate the effects of this current crisis the council will need to attain financial balance, consider what the 'new normal' might be and how this might be achieved whilst optimising resident's health.

Equalities Impact of the Proposal

143. The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

144. Financial reporting and planning are important in ensuring resources are used to deliver equitable services to all members of the community.

Environmental and Climate Change Considerations

145. Environmental and climate changes implications are referenced as relevant in the body of the report.

Financial Implications

146. Financial implications are implicit in the report.

Legal Implications

147. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.

148. The Council has duties within an existing legal framework to arrange for the proper administration of its financial affairs. The recommendations in this report will support the Council in meeting its statutory obligations.

Property Implications

149. Property implications are implicit in the body of the report.

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Date of report

Appendices

Background Papers

The following documents have been relied on in the preparation of this report:

Appendix A

HRA APPROVED CAPITAL PROGRAMME	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30	PROPOSED TOTAL	CURRENT APPROVED TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Asset-Led Works	2,061	4,933	2,813	0	0	0	9,807	9,557
Asset-Led Works: Cambridge Road West	100	5,412	0	0	0	0	5,512	5,512
Asset-Led Works: Upper Edmonton	700	8,046	0	0	0	0	8,746	8,746
Total Asset-Led Works	2,861	18,391	2,813	0	0	0	24,065	23,815
Demand-Led Works	203	280	250	250	0	0	983	983
Demand-Led Works: Aids & Adaptations	1,000	2,300	1,500	1,500	0	0	6,300	6,300
Demand-Led Works: Structural Repairs	50	770	800	600	0	0	2,220	2,220
Total Demand-Led Works	1,253	3,350	2,550	2,350	0	0	9,503	9,503
Development Programme	22,877	57,066	66,796	100,886	73,969	612,698	934,292	845,703
Development Programme: Bury Street	5,313	12,409	2,608	238	0	0	20,567	20,567
Development Programme: Electric Quarter	5,668	6,683	0	0	0	0	12,351	12,351
Total Development Programme	33,859	76,158	69,404	101,123	73,969	612,698	967,211	878,621
Estate Regeneration	2,161	2,321	0	0	0	0	4,482	3,983
Estate Regeneration: Alma Towers	11,569	5,434	2,359	1,787	557	704	22,411	22,412
Estate Regeneration: Ladderswood	189	160	250	110	110	110	929	929
Estate Regeneration: New Avenue	11,149	205	205	205	204	0	11,969	11,969
Estate Regeneration: Small Sites	390	7	0	0	0	0	398	397
Total Estate Regeneration	25,459	8,127	2,813	2,102	872	814	40,188	39,690
Fire-Led Works	2,867	33,901	9,186	1,394	0	0	47,348	50,324
Stock-Condition-Led Works	7,708	26,904	25,649	23,525	0	0	83,785	84,289
Stock-Condition-Led Works: Boroughwide	865	1,800	4,000	4,000	14,933	71,195	96,793	96,793
Total Stock-Condition-Led Works	8,572	28,704	29,649	27,525	14,933	71,195	180,578	181,082
Total HRA	74,871	168,630	116,415	134,495	89,774	684,707	1,268,892	1,183,035

Appendix B

REVENUE BUDGET MONITORING	2019-20 Original Budget	Approved Variations	2020-21 Latest Budget	Spend to date	Projected Outturn at Year End	Variance excluding Covid impact	Variance including Covid impact
	£000s	£000s	£000s	£000s	£000s		£000s
Supervision and Management (General) *Housing Development & Estate Renewals *Director Housing Management *Tenancy and Estate Management *Income Collection *Re-Housing *Home Ownership & RTB's *Communications	14,266	-222	14,044	5,640	14,044	0	0
Supervision and Management (Special) *Grounds Maintenance *Energy *Communal Services *Sheltered Housing *Concierge & CCTV	7,595	-110	7,485	4,762	7,755	0	270
Repairs Admin *Housing Prof Services *Technical Services	1,529	-188	1,342	1,893	1,342	0	0
Repairs Base *Responsive & Planned	12,848	-1,301	11,548	8,169	10,957	0	-591
Rates - Council Tax on Estate Renewals	630	0	630	7	630	0	0
Rates - Business Rates & Council Tax	92	0	92	7	92	0	0
HRA Surplus (to fund Capital)	3,609	1,840	5,449	0	5,449	0	0
Bad Debt Provision	710	0	710	17	710	0	0
Capital Financing	24,592	0	24,592	0	24,592	0	0
Rents Dwellings	-57,846	0	-57,846	-31,527	-57,564	0	282
Rents Non Dwellings (Shops/Garages/Community Halls)	-3,126	-21	-3,147	-1,662	-2,900	0	247
Interest on HRA Balances + RTB mortgages	-324	0	-324	0	-324	0	0
Corporate & Democratic Core	367	0	367	0	367	0	0
Leaseholders Service Charges	-4,942	0	-4,942	-3,970	-4,942	0	0
Total Cash Limit	0	0	0	-16,663	208	0	208

