

London Borough of Enfield

Meeting Date: Cabinet - 7th July 2021

Subject: HRA Revenue and Capital Programme Outturn 2020/21

Cabinet Member: Councillor Maguire and Councillor Needs (Social Housing)

Key Decision: KD5329

Purpose of Report

1. To inform Cabinet of the outturn position of the HRA, covering both capital and revenue expenditure. The HRA was previously included as part of the Council's overall Capital Monitoring report. However, from Quarter 3, 2020/21, the HRA, both Revenue and Capital are reported separately.
2. The report outlines how the Better Council Homes programme and Development Strategy has continued to be delivered during the pandemic whilst managing through periods when access to homes was restricted and safe working practices were mobilised.

Capital Programme

3. The purpose of this report is to update Cabinet on the detailed outturn position on the HRA 2020/21 Capital Programme.
4. At period 8 (November), the forecast outturn position for 2020/21 was £74.871m. The actual outturn is £54.269m which represents 72% spend, compared to the Period 8 forecast.

Revenue Budget

5. This Report sets out the Council's revenue budget outturn position. The report sets out the position with, and without, the impact of Covid-19.
6. The Housing Revenue Account was forecasting a £0.208m pressure against the approved budget in Period 8. The actual outturn position is a £0.523m pressure to the HRA revenue budget, this includes Covid-19 pressures of £1.688m.
7. The report provides an update on the actual position for the level of HRA reserves as at the end of 2020/21.

Proposals

8. Cabinet is recommended to note:
9. Total expenditure on the HRA Capital Programme for 2020/21 is £54.269m, against the Period 8 forecast of £74.871m, as detailed from paragraph 25;
10. The total reprofiling of £20.602m on the HRA programmes;

11. Project outcomes for the HRA programmes from paragraph 30;
12. Variance analysis for the HRA programmes from paragraph 71;
13. Funding of the HRA capital expenditure for 2020/21 as detailed in Table 3.
14. The reprofiling of the planned capital receipt for Nicholls House of £2.1m in favour of additional grant of £0.750m and revenue generating HRA units over the life of the 30 year business plan and beyond.
15. Additional GLA grant of circa £14m and the recycling of Right To Buy (RTB) receipts of circa £8m to fund future capital projects.
16. The HRA revenue outturn position of £1.165m positive variance to budget, excluding the impact of Covid-19, shown in Table 4.
17. The revenue Covid-19 impact of £1.688m to be met by Covid-19 grant, shown in Table 4.
18. The overall HRA revenue outturn position of £0.523m, an increase from Quarter 3 estimated outturn position of £0.208m, with variance analysis from paragraph 83.

Reasons for Proposals

19. To update Cabinet on the year end HRA Capital Programme position, including project outputs.
20. To update Cabinet on the year end HRA Revenue position, including variance analysis.

Relevance to the Council's Corporate Plan

21. 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:
 - Deliver good homes in well-connected neighbourhoods
 - Sustain strong and healthy communities
 - Build our local economy to create a thriving place
22. 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

23. 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.

Main Considerations for the Council

24. Capital Programme

25. The HRA capital programme is summarised in Table 1 below and detailed in Appendix A. It provides the outturn position for 2020/21:

Table 1

Approved Capital Programme	2020/21 (April) Budget	2020/21 (Nov) Budget	P8 to outturn budget Adj.	2020/21 Revised Budget	2020/21 Expenditure	Re-profiling (Cfwd) / Bfwd (Variance)	(Under) / Overspend
	£'000	£'000	£'000	£'000	£'000	£'000	£000's
Asset-Led Works	764	2,061	366	2,427	2,332	(95)	0
Asset-Led Works: Cambridge Rd	4,559	100	0	100	65	(35)	0
Asset-Led Works: Upper Edmonton	6,913	700	(366)	334	527	193	0
Demand-Led Works	626	253	0	253	168	(85)	0
Demand-Led Works: Aids & Adaptations	2,400	1,000	0	1,000	1,163	163	0
Fire-Led Works	13,123	2,867	0	2,867	2,348	(519)	0
Stock-Condition-Led Works	10,806	7,123	362	7,485	9,408	1,923	0
Stock-Condition-Led Works: Heating & Electrical	7,936	584	(69)	515	490	(25)	0
Stock-Condition-Led Works: Boroughwide	13,079	865	(293)	571	571	0	0
Investment Programme Total	60,206	15,553	(0)	15,553	17,072	1,519	0
Development Programme	43,303	20,618	(17)	20,601	5,425	(15,176)	0
Development Programme: Newstead House	3,889	2,259	0	2,259	2,342	83	0
Development Programme: Bury Street	19,568	5,313	0	5,313	4,331	(982)	0
Development Programme: Electric Quarter	5,668	5,668	0	5,668	5,160	(508)	0
Development Programme Total	72,428	33,859	(17)	33,841	17,258	(16,584)	0
Estate Regeneration	1,903	2,161	11	2,172	1,914	(257)	0
Estate Regeneration: Alma Towers	15,936	11,569	0	11,569	7,078	(4,491)	0
Estate Regeneration: Ladderswood	329	189	0	189	166	(23)	0
Estate Regeneration: New Avenue	3,792	11,149	0	11,149	10,377	(773)	0
Estate Regeneration: Small Sites	23	390	7	397	404	7	0
Estate Regeneration Total	21,983	25,459	17	25,476	19,939	(5,537)	0
Total HRA	154,617	74,871	(0)	74,871	54,269	(20,602)	0

26. Reprofiling represents budget adjustments to reflect new timescales for project delivery.

27. Period 8 to outturn budget adjustments reflect the movement (virements) in project budgets in this period.

28. Underspends and overspends in the above table relate to completed projects that have come in under or over budget. In 2020/21 there have been no project under or overspend for the HRA.
29. The next section provides details of significant areas of spend during 2020/21 on HRA projects and the associated outputs delivered by those schemes.

HRA Capital Programme: Project Outcomes

Council Housing Investment Programme (£17.072m)

30. In line with the Better Council Homes programme, investment in the Council's housing stock has been a priority this year, ensuring stock is brought up to the Decent Homes Standard, address building safety risks and 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. The programme is divided into four sections :
 - Asset led works £2.924m
 - Demand led works £1.331m
 - Fire led works £2.348m
 - Stock condition led works £10.469m

Asset-Led Works (£2.924m)

31. This year's programme, was 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.
32. Programmes include the replacement of flat 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.
33. Works are benefitting circa 600 homes across three Estates: Enfield North, Cambridge Road West and Upper Edmonton.
34. 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.
35. The aged communal boiler plant at Pruden Close Sheltered block, has been 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.

Demand-Led Works (£1.331m)

36. 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 Covid-19. The programme was re-prioritised where the Council was unable to access homes.

37. The replacement of the water supply and waste pipework at four Exeter Road blocks started in January, this will benefit 340 households and mitigate the impact of recurring leaks on residents.
38. A proportion of the annual environmental improvement budget has been allocated 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

Fire-Led Projects (£2.348m)

39. Walbrook House - As one of the 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. The building is the first Enfield high-rise residential buildings to achieve the EPC B target and be carbon neutral, delivering warmer, safer and more cost-efficient homes to 123 households. Design team appointments have been made up to RIBA stage 3 and enabling works have been completed ahead of project.
40. Bliss & Purcell Houses: External works to re-clad the blocks were successfully delivered last year, this second package of works which commenced in November, will improve internal active and passive systems; replace aged expired water supply and waste services and improve building security.
41. Channel Islands (4 blocks – 200 homes): This package of works started in January and looks to replace the age expired water and service infrastructure, whilst upgrading existing active and passive fire precautions.
42. Building Safety Works packages (five packages – 1,000 homes): This year saw the start of the main programme of building safety works across our high-rise residential buildings, to ensure that we meet existing and future statutory duties under the forthcoming Building Safety Bill and residents are safe in their homes.
43. 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)
44. Whilst the extent of works varies from block to block, all blocks have received; 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 have also had small scale cladding remediation

undertaken in line with Government guidance, whilst others have had life expired window and spandrel replacements.

45. 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.
46. A programme of compartmentation and communal fire door replacements is being delivered by our building safety team, across the mid and low-rise stock.

Stock-Condition-Led Works (£10.469m)

47. External flat and house programmes: four programmes of works have been 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.
48. Domestic heating programme (1,250 homes): In 2020/21 circa £2m was invested in replacing central heating boilers 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.
49. 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, This year has seen the replacement of circa 560 new kitchens and bathrooms in housing stock.
50. 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 have also been fitted, improving overall energy performance and reducing heating bills for residents.
51. Lift replacement programmes (7 blocks): a programme of lift replacements has been 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
52. Dry riser installations (12 blocks): works to retrofit dry riser installations at 12 high rise blocks, has been completed.
53. Communal boiler replacement (Buckfast House & Chaddlewood): the replacement of the communal boiler plant at the above two sheltered schemes is currently underway and is expected to be completed in 2021/22.

Social Value

54. 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.
55. 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.

Development Programme (£17.258m)

Projects on site

56. The demolition of Newstead House was completed during 2020/21 and construction of 34 new homes are underway at Newstead House, Maldon Road and Gatward Green, with completion expected in September 2022.
57. Handover of 11 newbuild units at Electric Quarter as part of the agreement for this project completed in 2020, generating rental income to the HRA in 2021.
58. Construction work at Bury Street West development, which will deliver 50 new homes of which 25 will be affordable family houses. Construction works have commenced on site and the project is due to be completed by October 2022.
59. Projects at pre-development stage against the development programme budget, design and planning has commenced at Exeter Road (130 units) Upton and Raynham (130 units) and Bullsmoor Lane (30 units).

External grant funding

60. The Council had applied right to buy receipts toward 112 HRA units in 2019/20 and 2020/21. However, as the GLA can only count starts which are in receipt of social housing grant, by negotiation it was agreed that the right to buy receipts would be replaced with grant to enable the Council and GLA to count these as starts. There was also one additional unit approved for funding which means 112 homes in the HRA attracted £11.2m under Building Council Homes for Londoners contract at £100k per unit.
61. Additionally, the GLA agreed to fund an additional 33 units under Homes for Londoners at £60k per unit and increase grant from £25k to £100k for Nicholls House (10 units) to convert the tenure from shared equity to London Affordable Rent for residents on the housing register.
62. In total by the close of financial year, £13.99m of additional grant funding to the HRA has been secured which will assist in funding the capital programme. In addition, unspent RTB receipts of circa £8.3m would be returned to central government and then held by the GLA to fund the future development programme.

Income adjustments

63. In 2021, the Council was projecting to receive £2.1m in receipts for the 10 homes at Nicholls House. Following affordability assessments completed by our external advisers, they advised that the Council is unlikely to achieve the 80% equity share approved under KD4789 (2018) and therefore these may not sell in the current economic market. The Council explored options with the GLA and in March 2021 they accepted the proposal to change the tenure from shared equity to London Affordable rent and adjusting the previous allocation for the scheme by £75k per home (additional £750k grant in total). Whilst this has an impact on the HRA in the near term (reduction of £1.4m capital receipt), overall the cashflow is improved as the Council retains the asset and secures rental income over 30 years. This will be formalised through a S96a planning application in Quarter 1 2021.

Estate Regeneration (£19.939m)

64. 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. Also, 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 has continued to reflect changes to spend.
65. The investment this year has delivered:
 - 177 newbuild completions, of which 78 were Council owned rented homes, 46 shared ownership and 53 open market sale homes.
 - 583 starts on site
 - New Youth centre at Alma
 - New Commercial units and revenue stream for the Council
 - 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 for every £1 the Council has invested

Alma

66. 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 the construction timetable while the intensification planning strategy is progressed. A new Youth Centre has been delivered this year for estate residents, along with a new energy centre which supports the wider corporate priorities to increase future capacity for Ponders End and income for Energetik. Fit Out has started on a new medical centre, due to complete by June 2021. Construction is set to start on a new community centre, to replace the existing facility and unlock the site for residential redevelopment in 2021/22. In 2021, the Council negotiated with the developer to increase the affordable floorspace for the Replacement Homes which provides 13 additional 3 bed+ homes in the Council's 200 affordable homes. The cost of the improved family accommodation (£800k) will be met from existing budgets and with the benefit of grant, the Alma budget has an improved HRA position as at March 2021. A section 73 application was submitted to vary the planning and bring forward 69 homes which will allow the Council to accelerate homes for all remaining council secure tenants on the estate to be rehoused by March 2023. Under a sale and leaseback arrangement, the Council has acquired a building on the estate from Metropolitan Housing Trust to facilitate the development of Phase 3.

Ladderswood

67. The scheme has continued to 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. 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.

New Avenue

68. The project has delivered 78 affordable housing completions this year, which has enabled all remaining 57 tenants and leaseholders to be re-housed in newbuild accommodation in Phase 1. The scheme includes 18 units that 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. 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.

Small Sites

69. The development of this project is complete; the remaining budget will cover the retention payment and any outstanding project costs.

Joyce and Snell's Estates

70. The ballot timetable was re-assessed due to Covid-19. Work has been underway this year 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.

Capital Programme Variance Analysis

71. A breakdown of the variances is shown in table 2 below, followed by the explanation for variances over £500k.

Table 2

Approved Capital Programme	Re-profiling (Carried Forward)/Brought Forward (Variance)
	£'000
Major Works	
Fire-Led Works	(519)
Stock-Condition-Led Works	1,923
Development Programme	
Development Programme	(15,176)
Development Programme: Bury Street	(982)
Development Programme: Electric Quarter	(508)
Estate Regeneration Programme	
Estate Regeneration: Alma Towers	(4,491)
Estate Regeneration: New Avenue	(773)
Other - balance	(76)
Total HRA	(20,602)

72. Fire Led Works (£0.519m reduction in spend).

73. Improvements to passive systems, water and waste supply and building security at Bliss and Purcell have been delayed this year due to the Section 20 consultation process taking longer than originally expected. The remaining budget will be carried into next year's programme to fund the remaining cost of the works.

74. Stock Condition Led Works (£1.923m increase in spend).

75. The stock condition works were delayed at the start of the year and the budget was re-profiled to reflect this. However, the boiler, kitchen and bathroom replacement and electrical works programme improved productivity and exceeded expectations. This has improved the decency of a number of properties, with the budget being brought forward from 2021/22 programme.

Development Programme (£16.666m reduction in spend)

76. The planned GLA programme included the acquisition of Willoughby Lane (Meridian Water Phase 1). The HRA profiled budget assumed staged payments for the affordable housing. The General Fund will instead make the payments and the budget assumed in the HRA will be committed on completion of the homes, when appropriation between the General Fund and HRA takes effect. Based on the current projections, Phase 1 has sectional completions from 2023/24 through to 2025/26 and therefore the HRA cashflow will be reprofiled accordingly.

77. Delays to the construction works on site at Bury Street West due to Covid-19 restrictions were reflected in the budget projections in the previous quarters monitoring reports. However additional delays to the planning approval has reduced the profile of spend further this year.

78. The handover of 25 units as part of the Electric Quarter project was expected in March 2021, however this has been delayed and is due to complete early in the new financial year.

Estate Regeneration (£5.340m reduction in spend)

79. Alma - The main changes to the budget are the buyback costs and changes to the construction programme which have reduced the budget requirement in Quarter 4.

80. The Alma budget included a £7.8m for the cost of buying back leaseholder properties on the estate. The actual outturn was lower than estimated, however the budget spend is dependent on leaseholders submitting claims to the Council for buyback of their properties as part of the estate regeneration of this project. This budget will be carried into the new year when the final buybacks are expected to be completed.

81. New Avenue - completion of works were extended due to the requirement to provide adapted homes in line with Occupational Health assessments for existing residents. This has changed the payment profile to April 2021.

Financing the Capital Programme

82. Table 3 sets out the financing of the 2020/21 capital programme:

Table 3

HRA APPROVED CAPITAL PROGRAMME	Grants & Contributions	Capital Receipts	Major Works Allowance	Earmarked Reserves	Borrowing	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Asset-Led Works	0	0	2,332	0	0	2,332
Asset-Led Works: Cambridge Rd	0	0	65	0	0	65
Asset-Led Works: Upper Edmonton	0	0	527	0	0	527
Demand-Led Works	0	0	168	0	0	168
Demand-Led Works: Aids & Adaptations	0	0	1,163	0	0	1,163
Fire-Led Works	0	0	2,348	0	0	2,348
Stock-Condition-Led Works	0	0	9,408	0	0	9,408
Stock-Condition-Led Works: Heating & Electrical	0	0	490	0	0	490
Stock-Condition-Led Works: Boroughwide	0	0	571	0	0	571
Investment Programme Total	0	0	17,072	0	0	17,072
Development Programme	0	1,651	0	253	3,520	5,425
Development Programme: Newstead House	600	0	0	0	1,742	2,342
Development Programme: Bury Street	0	0	0	0	4,331	4,331
Development Programme: Electric Quarter	1,100	3,653	0	0	407	5,160
Development Programme Total	1,700	5,304	0	253	10,000	17,258
Estate Regeneration	0	416	0	1,498	0	1,914
Estate Regeneration: Alma Towers	2,200	0	0	4,878	0	7,078

Estate Regeneration: Ladderswood	97	69	0	0	0	166
Estate Regeneration: New Avenue	0	2,378	0	7,999	0	10,377
Estate Regeneration: Small Sites	398	6	0	0	0	404
Estate Regeneration Total	2,695	2,846	0	14,375	0	19,939
Total HRA	4,395	8,173	17,072	14,629	10,000	54,269

Revenue Forecast Outturn

83. The HRA outturn position is a £1.165m positive variance to budget excluding the impact of Covid19. However, if the costs and income losses arising from Covid-19 are taken into account the overall position is a pressure of £0.523m. This is an increase from the Quarter 3 estimated outturn pressure of £0.208m.
84. The Covid-19 budget pressures of £1.688m will be funded from central government grant, therefore, the underlying underspend of £1.165m will be transferred to ring-fenced HRA reserves.
85. The movement in the outturn position compared to the P8 projection is shown in Appendix B, including the movements in Covid and non Covid pressures.
86. Table 4 below shows the outturn position and total variance.

Table 4

Monitoring Summary for the Council Housing (HRA)	2020/21 Latest Budget	Actual Outturn	Variance Covid impact	Variance excluding Covid impact	Total Variance
	£000s	£000s	£000s	£000s	£000s
Supervision and Management	22,060	22,292	319	-86	233
Repairs Admin & Base	12,890	14,204	0	1,314	1314
Rates	722	599	0	-123	-123
HRA Surplus (to fund Capital)	4,919	4,919	0	0	0
Bad Debt Provision	710	17	0	-692	-692
Capital Financing	24,592	22,905	0	-1,687	-1687
Rents Dwellings	-57,846	-57,523	398	-75	323
Rents Non Dwellings (Shops/Garages/Community Halls)	-3,147	-2,335	652	160	812
Interest on HRA Balances	-324	-5	319	0	319
Corporate & Democratic Core	367	123	0	-244	-244
Leaseholders Service Charges	-4,942	-4,672	0	269	269
Total	0	523	1,688	-1,165	523

87. The explanations for variances are explained below and shown in detail in Appendix B.

Supervision & Management (£0.233m adverse variance to budget)

Communal Services

88. The Covid-19 related spend in this area was estimated to be £0.270m in November 2020, however the end of year costs have increased slightly to £0.319m.

Agency & Overtime

89. There has been a requirement for 10 extra staff which were added to the current 5 (5 ongoing staff within budget) staff within the service; these have been essential to maintaining the caretaking and cleaning service this year.
90. The additional staff have been used to backfill full time employees who were quarantining due to underlying health conditions as well as attending emergency requests.

Equipment and Supplies

91. 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

92. At the beginning of lock down, PPE was at its highest market cost due to the national shortage. We carried out bulk purchasing to supply Housing and the wider council. This spend has continued throughout the year; however, it has been reduced as market prices come down and other teams had access to purchase PPE. As a precaution additional stock has been purchased to ensure the safety of our staff when operating near our customers

ASB Weekend Patrols

93. In line with operation 'LAKENVELDER', the weekend patrols have continued in line with government advice and changes on 'social distancing'. Since the commencement in July 2020, the weekend teams have been slightly reduced from the originally capacity.
94. Savings from vacancies in the tenancy mgt and sheltered housing team have saved (£0.171m) continuing to provide a high level of service to the tenants. Energy prices have reduced which has also created a saving in the communal electric bills this year (£0.340m). These savings were partly offset by an increase in the insurance provision contribution (£0.425m).

Repairs Service (£1.314m adverse variance to budget)

95. As of the 1st 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 periods during the year as a result of the pandemic, 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.

96. In November a saving against the day to day budget of £0.591m was identified, mainly due to a reduction in routine works, impacting from Covid-19. The year end position has reflected the fact that a number of high priorities catch up works were required to be funded from the repairs reserve set aside for these purposes. These included:
- Electrical works undertaken by term contractors
 - Water leaks from burst pipes and drainage had got into lift pits causing damage which required replacement.
 - Unforeseen ground source heating maintenance created additional costs against booster pump maintenance
 - A combination of drain clearance, fencing, asbestos works, disrepair barrister fees and lightning protection have also overspent
97. In addition, the impact of Covid-19 has impacted the following:
- Increase in the works on void properties due to the increase in number of properties becoming void
 - Additional costs for extension of contracts
 - the lift replacement programme was delayed and has led to an increase in spend to keep lifts functioning. Backlog of lift servicing remedials have also been raised this year
98. The additional costs on the repairs and maintenance budget this year will be funded from the repairs reserve, which is held specifically for these works.

Dwellings Rent – (£0.323m loss of income)

99. Due to restrictions on letting properties, there have been additional void costs. The estimated void rate for this year was 1%, with the end of year position increasing to 1.83% over the year. 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
January	24	26,842
February	28	24,126
March	47	64,866
Total void loss 20-21	368	398,505

100. The table shows the total rent loss to date of £0.398m.

101. The number of RTB sales in 2020/21 was 51 with the expected number to be 60. This has resulted in a slight increase in income to the HRA of £0.75m.

Rents – non Dwellings (£0.812m loss of income)

Community Halls (£0.173m pressure)

102. The expected income this year was £0.374m, however due to government restrictions this hasn't been achieved. Since September three Nurseries have secured a lease with guaranteed income and Boundary Hall has been let to the Regeneration team, this has generated £0.087m in rental income this year.

103. This service has seen a reduction in the expected running costs due to cleaning not taking place in a number of halls throughout the year, this has reduced the costs by £0.114m.

Shops Income (£0.479m reduction in income)

104. Based on Government guidance tenants of commercial units were protected from action of non-payment of rent from 30th June to 30th September 2020. This has resulted in a rent-free period this year and loss of income of £0.474m this year.

Garage Income (£0.160m reduction in income)

105. The number of void garages has seen an increase from the expected 50% to 54% this year, reducing rental income by £0.160m.

Interest on balances (£0.319m reduction)

106. The interest rate on HRA balances will be 0.02% this year. This represents the rate the Council earned on average on its cash balances during 2020/21. The reason for the low interest rate is the impact of Covid-19. The Bank of England Base Rate was cut from 0.75% to 0.10% in March 2020 as the Bank looked to support the economy in response to the Covid-19 Pandemic and the impending lockdown. Interest rates around the world were also reduced as other Central Banks adopted similar measures. This had meant call accounts and money market funds, which the Council uses to hold overnight cash balances, reduced the interest rate on their cash products accordingly, and below the Base Rate.

Leaseholders Service Charge and Major Work Income Collection

Income Collection

107. As indicated below the service has seen a significant reduction in income collected for both Service Charges and Major Works. This is attributed to an increase in demand for support to leaseholders on payment options reflecting financial pressures they were experiencing.

108. Following the agreed period of forbearance, enforcement procedures started from 1st October. Income officers have continued to make regular contact with residents to encourage payment on the spot. This has shown an increase in collection across both service charge and major works.
109. The tables below show the service charge and major works charges invoiced to leaseholders, with collection per month. The outstanding balance shows the level of arrears at each period.

Service Charge amount	Invoiced	Collected	Outstanding Balance
	£000s	£000s	£000s
April	395	336	180
May	396	341	234
June	395	345	284
July	395	343	337
Aug	396	369	364
Sept	397	232	535
Oct	397	442	490
Nov	397	491	396
Dec	397	419	375
Jan	398	455	318
Feb	398	461	255
March	398	485	169
Total	4,759	4,719	169

110. The service charge arrears level at March shows a balance of £0.169m, an increase in collection of arrears compared to the start of year (April) position.

Major Works amount	Invoiced	Collected	Outstanding Balance
	£000s	£000s	£000s
April	-27	242	4,366
May	-6	156	4,214
June	20	109	4,124
July	-2	82	4,041
Aug	-5	185	3,923
Sept	18	90	3,834
Oct	5	85	3,754
Nov	-5	191	3,546
Dec	-5	191	3,546
Jan	4	93	3,313
Feb	25	196	3,127
March	6	232	2,913
Total	28	1,852	2,913

111. Major works collections have also increased throughout the year, reducing arrears by £1.4m this year, with an overall arrears balance of £2.9m.

112. The service charge balance has contributed to the variance in the leaseholder income expected.

Bad debt provision

113. This year has seen a reduction in the required provision for bad debt. A 25% provision was allocated for the potential increase in arrears from Covid-19 impact, but actual arrears have not seen a significant increase and have remained at a similar level to last year. This has resulted in the balance sheet provision being reduced by £0.19m and released to the revenue budget.

Efficiency savings

114. The HRA Business Plan has a revenue efficiency target of £1.4m to be achieved in this financial year. The savings made this year have exceeded the projection and £1.836m of on-going savings has been achieved. The following table represents the savings made this year:

Savings	£000's
Vacancy factor from 2.9% to 5%	-222
Repairs - various	-1,500
Supervision & Management running cost savings	-114
Total Savings	-1,836

Earmarked Reserves

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

Reserves	Balance at 01/04/2020	Movement	Balance at 01/04/2021
	£000s	£000s	£000s
HRA Repairs Fund	-11,400	1,300	-10,100
HRA Insurance	-320	0	-320
HRA Balance	-4,620	-5,360	-9,980
Total Reserves	-16,340	-4,060	-20,400

Public Health Implications

116. 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.

117. 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.

118. 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

119. 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.

120. 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

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

Financial Implications

122. Financial implications are integral to this report.

Legal Implications

123. 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.

124. 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

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

0208 379 5580

Date of report

Appendices

Background Papers

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

Appendix A

HRA Capital Programme Outturn	2020/21 (Outturn) Budget	2020/21 Expenditure	Variance	Commitment's	Re-profiling (Cfwd) / Bfwd	(Under) / Overspend
	£'000	£'000	£'000	£'000	£'000	£'000
Asset-Led Works	2,427	2,332	(95)	8,117	(95)	0
Asset-Led Works: Cambridge Rd	100	65	(35)	0	(35)	0
Asset-Led Works: Upper Edmonton	334	527	193	0	193	0
Demand-Led Works	253	168	(85)	1,784	(85)	0
Demand-Led Works: Aids & Adaptations	1,000	1,163	163	0	163	0
Fire-Led Works	2,867	2,348	(519)	2,547	(519)	0
Stock-Condition-Led Works	7,485	9,408	1,923	23,851	1,923	0
Stock-Condition-Led Works: Heating & Electrical Works	515	490	(25)	0	(25)	0
Stock-Condition-Led Works: Boroughwide	571	571	0	0	0	0
Investment Programme Total	15,553	17,072	1,519	36,299	1,519	0
Development Programme	20,601	5,425	(15,176)	3,628	(15,176)	0
Development Programme: Newstead House	2,259	2,342	83	0	83	0
Development Programme: Bury Street	5,313	4,331	(982)	10,867	(982)	0
Development Programme: Electric Quarter	5,668	5,160	(508)	0	(508)	0
Development Programme Total	33,841	17,258	(16,584)	14,495	(16,584)	0
Estate Regeneration	2,172	1,914	(257)	23	(257)	0
Estate Regeneration: Alma Towers	11,569	7,078	(4,491)	0	(4,491)	0
Estate Regeneration: Ladderswood	189	166	(23)	0	(23)	0
Estate Regeneration: New Avenue	11,149	10,377	(773)	0	(773)	0
Estate Regeneration: Small Sites	397	404	7	0	7	0
Estate Regeneration Total	25,476	19,939	(5,537)	23	(5,537)	0
Total HRA	74,871	54,269	(20,602)	50,817	(20,602)	0

Appendix B

Monitoring Summary for the Council Housing (HRA)	2020-21 Original Budget	Approved Variations	2020-21 Latest Budget	Actual Outturn	Variance Covid-19 impact	Variance excluding Covid-19 impact	Total Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Rents Dwellings	-57,846	0	-57,846	-57,523	398	-75	323
Rents Non Dwellings (Shops/Garages/Community Halls)	-3,126	-21	-3,147	-2,335	652	160	812
Leaseholders Service Charges	-4,942	0	-4,942	-4,672	0	269	269
Supervision and Management *Housing Development & Estate Renewals *Director Housing Management *Tenancy and Estate Management *Income Collection *Re-Housing *Home Ownership & RTB's *Communications *Grounds Maintenance *Energy *Communal Services *Sheltered Housing *Concierge & CCTV	21,861	198	22,060	22,292	319	-86	233
Repairs Admin & Base	14,378	-1,488	12,890	14,204	0	1,314	1314
Rates - Business rates and Council Tax on void properties	722	0	722	599	0	-123	-123
Bad Debt Provision	710	0	710	17	0	-692	-692
Capital Financing	24,592	0	24,592	22,905	0	-1,687	-1687
Corporate & Democratic Core	367	0	367	123	0	-244	-244
Interest on HRA Balances	-324	0	-324	-5	319	0	319
HRA Surplus before transfer to reserves	-3,609	-1,310	-4,919	-4,394	1,688	-1,165	523
HRA Surplus (to fund Capital)	3,609	1310	4,919	4,919	0	0	0

Total	0	0	0	523	1,688	-1,165	523
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Appendix C

Monitoring Summary for the Council Housing (HRA)	Variance including Covid pressure			Variance excluding Covid pressure		
	Outturn Projection at P8	Actual Outturn	Movement	Outturn Projection at P8	Actual Outturn	Movement
	£000's	£000's	£000's	£000's	£000's	£000's
Rents Dwellings	-57,564	-57,523	41	-57,846	-57,921	-75
Rents Non-Dwellings	-2,900	-2,335	565	-3,147	-2,987	160
Leaseholders Service Charges	-4941	-4,672	269	-4,942	-4,672	269
Supervision and Management	21,799	22,292	493	22,060	21,973	-86
Repairs Admin & Base	12,299	14,204	1,905	12,890	14,204	1,314
Rates	722	599	-123	722	599	-123
Bad Debt Provision	710	17	-692	710	17	-692
Capital Financing	24,592	22,905	-1,687	24,592	22,905	-1,687
Interest on HRA Balances	-324	-5	319	-324	-324	0
Corporate & Democratic Core	367	123	-244	367	123	-244
HRA Surplus before transfer to reserves	-5,241	-4,396	845	-4,919	-6,084	-1,165
HRA Surplus (to fund Capital)	5,449	4,919	-530	4,919	4,919	0
Total Variance	208	523	315	0	-1,165	-1,165

