

HERTSMERE BOROUGH COUNCIL

EXECUTIVE

Minutes of the meeting held in the Council Chamber - Civic Offices and remotely - Online and remotely in accordance with Regulations 4, 5 and 16 of the Local Authorities and Police and Crime Panel (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020.

7 October 2020

Present:

Voting Members:

Councillors Bright (Chair), Clapper (Vice-Chair), Choudhury, Dr Cohen, Graham, Heywood, Quilty and M Sachdev

Non-Voting Members:

Councillors Newmark

Officers:

S Bijle	Managing Director
P Geraghty	Executive Director
M Bunyon	Head of Finance & Business Services
M Greaves	Property Services and Asset Manager
H Patterson	Head of Legal & Democratic Services
R Parmar	Senior Estates Surveyor

M Lowe	Principal Democratic Services Officer
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Note: All decisions taken at this meeting are non-urgent, and therefore subject to the provisions of the call-in procedure unless otherwise specified.

34. COMMUNICATIONS AND APOLOGIES

The Chair welcomed everyone to the meeting and announced that, following changes to legislation, the meeting was being held online due to the ongoing Covid 19 lockdown restrictions. Councillors and Officers were participating online and the Press and Public were able to view the meeting live on the Council's website.

The meeting would follow the usual format whilst accounting for the requirements of an online meeting, in that at the end of the consideration of any business item each Portfolio Holder would be

called in turn to state their vote: either 'for', 'against' or 'abstain'. The Head of Legal and Democratic Services would confirm the result.

The Chair confirmed that the meeting was quorate and that all the Executive Members were in attendance. This was evidenced by the remaining Executive Members confirming their attendance when the Chair called out their name.

There were no apologies for absence.

35. **PRESENTATIONS**

No presentations were made at the meeting.

36. **DECLARATIONS OF INTEREST (IF ANY)**

No declarations of interest were made.

37. **SPEECHES BY NON-EXECUTIVE MEMBERS**

The Chair advised that the usual arrangements for speeches by non-Executive Members applied at this meeting.

38. **MINUTES**

Resolved that the minutes of the meeting held on 9 September 2020 be approved and signed as a correct record.

39. **KEY DECISIONS**

39.1 **BUSINESS RATES POOLING AND RATES RETENTION 2021/22 (EX/20/68)**

Decision that authority be delegated to the Head of Finance and Business Services in consultation with the Portfolio Holder for Finance and Property to:

- i. approve an application to form a business rates pool in 2021/22, if determined to be economically viable, with other Hertfordshire authorities as described in section 5 of this report; and
- ii. negotiate with the County Council and district Chief Financial Officers to achieve optimum benefits for Hertsmere Borough Council.

Reasons for Decision:

Hertsmere had, in previous years, joined with other Hertfordshire District Councils and Hertfordshire County Council to form a Business

Rates Pool thereby benefitting from retaining additional business rates growth locally.

Whilst it had been expected that business rates pooling would end in 2020/21 as the current system of business rates retention was due to be reviewed by 2021/22, due to the Covid-19 pandemic this review had been further delayed until 2022/23 and the current system of business rate retention had been rolled forward for a further year.

As a result, in late September, the Minister of Housing, Communities and Local Government (MHCLG), announced the continuation of Business Rates Pooling for 2021/22 and invited local authorities to submit applications for new Business Rate Pools for 2021/22 by 23rd October 2020.

In light of the current Covid-19 pandemic and the potential risk to businesses and impact on rateable value, Hertfordshire Chief Finance Officers (HCFO's) had discussed whether a Hertfordshire Business Rates Pool for 2021/22 would be economically viable. The HCFO's agreed to explore the option of pooling for 2021/22 and as in previous years agreed that LG Futures, local government funding consultants, be commissioned to fully assess the economic viability of a business rates pool for 2021/22. Should their analysis conclude that under the current circumstances a pool for 2021/22 was not economically viable then the current pool would be revoked.

If the analysis showed a pool to be economically viable then LG Futures would determine the optimum membership of the pool that retained the highest level of growth within Hertfordshire. Hertfordshire County Council would then submit a Pooling application on that basis to MHCLG by 23rd October 2020.

Whilst an application could not be submitted after the 23rd October 2020, there was still an option to revoke a pool prior to the start of the 2021/22 financial year. Should one or more of the Hertfordshire pooled authorities decide that they no longer wanted to participate in a pool for 2021/22, for example due to an adverse impact of Covid-19 on rateable value, then the pool could still be revoked by late January, no later than 28 days following the provisional finance settlement, expected in late December 2020.

Due to the application deadline of 23rd October 2020, the Executive were requested to delegate authority to the Head of Finance and Business Services (in his capacity as Chief Finance Officer) in consultation with the Portfolio Holder for Finance and Property, to approve an application to form a business rates pool in 2021/22, if determined to be economically viable, and to negotiate with the County Council and district Chief Financial Officers to achieve optimum benefits for Hertsmere Borough Council.

Alternative Options Considered and Rejected

Hertsmere could opt out of joining a pool for the financial year 2021/22. However, it would not then benefit from any potential pooling gain in respect of business rates growth in 2021/22.

Key Points Arising from the Discussion

In response to a question from a non-Executive Member, the Head of Finance and Business Support reiterated that the potential impact of Covid-19 on businesses across Hertfordshire will require a risk-based assessment by business type to determine potential risk of business failure due to the Covid-19 pandemic. LG Futures will undertake this risk assessment as part of their analysis to determine the economic viability of a 2021/22 Hertfordshire Business Rates Pool.

Noted that, on the grounds of urgency this item was not subject to the provisions of call-in. This had been agreed by the Deputy Mayor, Councillor Swerling.

(Action: Head of Finance and Business Support)

40. **ANY OTHER NON-CONFIDENTIAL BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT**

There was none.

41. **DATE OF NEXT MEETING**

The next Executive meeting would be held remotely at 6pm on Wednesday, 11 November 2020.

42. **EXCLUSION OF THE PUBLIC**

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Part I, Schedule 12A to the said Act:-

Part II Agenda Item

Paragraphs in
Schedule 12A

KEY DECISIONS

IBIS Hotel, Elstree Way,
Borehamwood – Landlords Consent
and Lease Extension

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43. **KEY DECISIONS**

43.1 **IBIS HOTEL, ELSTREE WAY, BOREHAMWOOD - LANDLORDS CONSENT AND LEASE EXTENSION (EX/20/63)**

Decision that:

1. Subject to 2 and 3 below,
 - 1.1 the extension of the Head Lease of the IBIS Hotel in Borehamwood to Bhalla Investments Limited by 37 years, be agreed; and
 - 1.2 The consents to Bhalla Investments Limited granting Accor UK Economy Hotels Limited a 10 year extension of their occupational sub-lease of the IBIS Hotel in Borehamwood, together with a 10 months rent free period, be agreed.
- 2 The agreement and consents given in 1.1.1 and 1.1.2 above are conditional upon:-
 - 2.1 Bhalla Investments Limited paying the Council a sum that represents best consideration for the grant of the extension to their Head Lease, being an amount that is not less than the estimated loss of rental income to the Council as detailed in paragraph 5.7 of the officers report; and
 - 2.2 Accor UK Economy Hotels Limited entering into a binding agreement with Bhalla Investments Limited to extend its sub-lease of the IBIS Hotel in Borehamwood by further ten years without an option for early termination.
3. Authority be delegated to the Executive Director in consultation with the Chief Finance Officer, Monitoring Officer and the Portfolio Holder for Finance and Property to negotiate the amount to be paid to the Council for the extension of the Head Lease of the IBIS Hotel.

Reasons for Decision:

The report advised the Executive of the latest position regarding rental income from the IBIS Hotel and sought approval to the proposals submitted by the Head Lessee.

Due to the impact of Coronavirus on the hospitality industry the Council was facing a reduction in the amount of rent received from this investment property. The Head Lessee had approached the Council with options to assist in mitigating the financial impact and sustain

viability of the occupational sub-lease in the medium term, to the benefit of the Council and Head Lessee.

The length of lease was for a term greater than 15 years and was therefore a decision for the Executive as a whole.

Alternative Options Considered and Rejected

The current unexpired term of the occupational sub-lease to Ibis Hotels was 11 years. If the Council choose not to agree to this transaction then it may force Ibis to review or consolidate their estate, which could ultimately see this hotel close. This in turn would have significant financial consequences for the Council, as it would not receive any income and would be liable for any maintenance costs.

Furthermore, the current structure of the head lease stated that in the event of the sub occupational tenant vacating, the Council would be contractually obliged to contribute a sizable portion towards refurbishing the property in readiness to attract a new tenant.

Key Points Arising from the Discussion

The Finance and Property Portfolio Holder, responding to concerns raised by a non-Executive Member, gave assurances that there had been negotiations with all businesses affected during lockdown and payment of business rates, this included discussions with small business which rented premises from the Council.

The Chair concurred with the views of the Members of the Executive that agreeing the recommendation sent a message to the businesses that the Council were prepared to help and to listen to those affected by the pandemic.

(Action: Property Services and Asset Manager)

CLOSURE: 6.25 pm

CHAIR