

**HERTSMERE BOROUGH COUNCIL**

**OPERATIONS REVIEW COMMITTEE**

**Minutes of the meeting held online.**

20 October 2020

**Voting Members:**

Councillors P Hodgson-Jones (Chair), Butler (Vice-Chair), Lambert (Vice-Chair), Brown, Eni, Lyon, Mortimer, Richards, Rosehill, Susman and Turner

**Also Present:**

Councillor Graham

**Officers:**

M Bunyon	Head of Finance and Business Services
M Greaves	Acting Head of Asset Management and Engineering Services
H Patterson	Head of Legal & Democratic Services
S Clarke	Democratic Services Officer

158. **MEMBERSHIP**

Councillor Rosehill substituted for Councillor Selby.

159. **COMMUNICATIONS AND APOLOGIES**

The Chair confirmed that all Committee Members had received the agenda papers in advance of the meeting and that apologies had been received from Councillor Selby with Councillor Rosehill substituting.

160. **DECLARATION OF INTERESTS (IF ANY)**

During item five Councillor P Hodgson-Jones declared a non-pecuniary interest as Chairman of Hertsmere Developments Limited and an Other Pecuniary Interest as a Non-Executive Director of Elstree Film Studios.

161. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** that the minutes of the meeting held on 22 September 2020 be approved as a correct record. The Chair would sign the minutes when they were next due to attend the Civic Offices.

162. **PORTFOLIO HOLDER PRESENTATION: FINANCE & PROPERTY**

Councillor Graham, the Portfolio Holder for Finance & Property delivered a presentation encompassing the work being done under the Finance & Property portfolio. He was supported by the Head of Finance & Business Services, the acting Head of Asset Management & Engineering Services and the Head of Legal & Democratic Services. The primary objective of the presentation was to update the Committee on the changes and adaptations to key services made as a result of the COVID-19 pandemic.

The first portion of the presentation pertained to the Finance aspect of Councillor Graham's portfolio. Key messages from this section of the presentation included:

- When initial nationwide lockdown restrictions were introduced in March 2020, over 240 Hertsmere staff were successfully equipped to work from home by the end of March.
- Several government support schemes were established early on during the COVID-19 outbreak; Hertsmere's Revenues team administered the support requests. More than 800 Retail, Hospitality & Leisure (RHL) businesses in Hertsmere received 100% business rates relief equating to over £22m in support. RHL Grants of £25k and £10k were paid to 482 businesses and 859 small businesses were paid a grant of £10k. In total, local businesses received more than £40m in support from central government.
- The main areas applying spending pressures on the Council's finances due to COVID-19 were Waste Services, Rough Sleepers, additional health & safety measures and IT equipment and support.
- The main areas contributing to a lost income due to COVID-19 were car parking, leisure management, commercial rents and waste.
- Requests for Council Tax Support had increased by 9%.
- There had been increased reporting to Members of the Council's financial position and outlook from April 2020.
- It was unknown whether government funding of irrecoverable losses will continue into the next financial year. It was highlighted that it was important to continue to budget for a regular income from Council services; this was because any funding received from central government would be based on the Council's prospective budgeted income.
- It was noted that, although the current Bank of England base rate was 0.1%, most of the Council's investment income was returned earlier in the calendar year when the base rate was not so low. There were however concerns for investment returns in the coming year due to current market conditions.

The Committee commended the work that had been done by the Council's Finance team, especially throughout the trying times of a global pandemic. Members were reassured that the grant funding from central government would not need to be returned in any capacity and that, as forecasts currently stood, the funding from central government would cover the Council's forecast deficit.

Concerns were raised with regard to the number of Council staff who may be required to self-isolate and the subsequent effect on service delivery. Members were encouraged to hear that to date, there had been minimal instances of staff being required to self-isolate; in addition to this, the majority of staff had been equipped to work from home and continued to deliver vital services for residents.

The Committee then received the second portion of the presentation pertaining to Property & Asset Management. Key messages included:

- A summary of the Council's larger development projects including Edwintree Court (a development of 28 units forming part of the Council's temporary accommodation portfolio), the Directors Arms in Borehamwood (a development of circa 34 apartments and 18 houses) and the Civic Office Car Park (provision of additional decked car parking at the Civic Offices).
- A number of future developments were outlined with expected dates for the granting of planning permission and the start of construction.
- A project manager for the new £12m development of stages at Elstree Film Studios had been appointed in October 2020.
- Shop occupancy was at 100% however garage occupancy in the Borough had dipped during the COVID-19 lockdown.
- The execution of rent reviews and lease renewals were both above target.

An update was delivered to the Committee on the progress made with regards to Hertsmere Developments Limited, a Council owned subsidiary company. It was noted that a Development Director had started in October 2020 to take a lead role in implementing projects for HDL; the person taking on the role would be bringing a wealth of experience and was considered an asset with regards to taking the company forward. Members were also informed that the first transfer of land to HDL would be taking place shortly; a report was expected to be considered by the Executive, and subsequently Full Council, in November 2020. This would act as HDL's first development.

At this point in the meeting Councillor Paul Hodgson-Jones declared a non-pecuniary interest as Chairman of Hertsmere Developments Limited and an Other Pecuniary Interest as a Non-Executive Director of Elstree Film Studios.

The Committee queried whether HDL would actively develop derelict housing sites in the Borough. The portfolio holder expressed that, while

HDL would be open to the development of derelict sites when opportunities present themselves, it would not be a cornerstone of the companies practices; HDL would adopt a strategy of approaching low risk developments especially considering the current climate.

Members reiterated their thanks for the hard work of officers throughout the ongoing COVID-19 pandemic. Focussing particularly on the finance department, it was noted that many challenges had been experienced and were expected to continue over the course of the Borough's economic recovery. The Committee thanked Councillor Graham for his presentation.

**RESOLVED** that the Committee note the Portfolio Holder's presentation.

163. **QUARTERLY FINANCIAL MONITORING UPDATE - QUARTER 2 (2020/21)**

The Head of Finance & Business Services and the Financial Monitor, Councillor Lambert, were in attendance for this item. Regarding Financial Monitors, the Committee were told that since the onset of the COVID-19 pandemic, the primary focus of the Financial Monitors had been to discuss the implications of the pandemic and what may be the best course of action going forward. It was also noted that council tax support claims had risen, which may have an impact on the council tax base for the following year, this was considered one of the areas which would be closely monitored by the Financial Monitors.

It was noted that a large section of the quarterly financial monitoring report was covered during item five, the Finance & Property portfolio presentation. The Committee then received a financial monitoring update for the second quarter of the financial year 2020/21; summarising revenue expenditure, capital expenditure, treasury management and debt management. The report was presented with a number of key points covered, including:

- The Council's Capital Programme had been heavily impacted by the COVID-19 pandemic. Many significant schemes had slipped into future financial years, for example it was noted that the St Johns Church development and the Civic Offices car park development were unlikely to begin in the current financial year.
- Regarding Debt Management, a positive note was issued that the Council was below the level of total overdue debts seen at the same time in the previous financial year. Council tax and business rates collections were behind target but this was due to agreed-upon deferrals on those payments; it was highlighted that the money would still be collected, although more debt write-offs than usual were to be expected.

Members were reassured that the Financial Monitors were looking forward and adapting to the challenges posed by the COVID-19 pandemic. The Committee called attention to the potential risk associated with deferred council tax or business rates payments; whereby individuals or businesses may still be unable to afford payment when it would arise in due course.

The Committee understood that many capital programme projects had to be put on hold but queried whether anything could be done to bring forward projects, or at least ensure that they commenced in 2021/22, in an effort to give a boost to the local economy. It was highlighted that the £12m Elstree Film Studios development was due to commence in the coming months and would likely be completed over the course of 2021/22; this would help to invigorate the local economy with up to 90 jobs created during the construction phase and up to 800 jobs by the time the development goes live.

**RESOLVED** that the Committee note the financial monitoring update.

164. **SCRUTINY REVIEW: ALLOCATION OF CIL/S106 FUNDS -  
PROGRESS UPDATE**

Councillor Butler, as lead Member of the task and finish group, delivered an update on the progress of the review. It was noted that a meeting had taken place earlier that evening with the Head of Planning & Economic Development; officers had requested a potential postponement to the review whilst priorities were focussed on the development of Hertsmere's draft local plan. It was highlighted that, while Members of the review group acknowledged the importance of the local plan drafting process, the initial groundwork for the review could take place without disrupting officers work. Although the review would continue as planned, the Committee were informed that they would need to be flexible with regard to the end date of the review.

**RESOLVED** that the Committee note the update on the task & finish group.

165. **FORWARD PLANNING PROGRAMME AND COMMITTEE WORK  
PROGRAMME**

Members assessed the forward planning programme and the Committee's work programme. The following changes were agreed:

- The portfolio holder for Community & Economic Development would be asked to attend the 5<sup>th</sup> January 2021 meeting to provide an update on the work of the COVID-19 Recovery Working Group.
- The Community Safety & Performance portfolio holder session would be moved to the 2<sup>nd</sup> March 2021 meeting.

- The Leisure, Culture & Health portfolio holder session would be moved to the 23<sup>rd</sup> March 2021 meeting.
- The Leisure Services Contract – InspireAll Year-end progress update item would be moved to the 23<sup>rd</sup> March 2021 meeting.
- The task & finish group review of Hertsmere’s scrutiny arrangements would be brought before the Committee for consultation before its formal agreement by the Policy Review Committee.

166. **ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**

There was no urgent business.

167. **DATES OF FUTURE MEETINGS**

The next meeting of the Operations Review Committee was scheduled for Tuesday 24 November 2020.

**CLOSURE: 9.39 pm**