



**WATFORD
BOROUGH
COUNCIL**

COUNCIL MEETING

14 July 2020

7.30 pm

Virtual meeting

Contact

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Publication date: 14 July 2020

14 July 2020

Councillor

You are hereby summoned to attend a meeting of the Council of the Borough of Watford to be held on Tuesday, 14 July 2020 starting at 7.30 pm at the Virtual meeting to take into consideration and determine upon the following subjects, namely: -

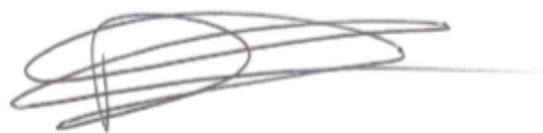
6. Questions by Members of the Council under Council Procedure Rule 10.0 (Pages 3 - 6)

11. A new Council Plan for Watford (2020-24) (Pages 7 - 9)

This report is due to considered at Cabinet on 6 July 2020, Cabinet's recommendations to Council will be forwarded as soon as possible.

12. Budget update for 2020/2021 (Pages 10 - 13)

This report is due to considered at Cabinet on 6 July 2020, Cabinet's recommendations to Council will be forwarded as soon as possible.

A handwritten signature in black ink, appearing to be 'Donna Nolan', written in a cursive style.

Donna Nolan, Managing Director

Questions by Members of the Council under Procedure Rule 10.0

Council – 14 July 2020

Questions from Councillor Bell Received on 9 July 2020

Question: When did the Mayor learn the extent of the Problems that John Lewis were having?

Answer

Although it was known that John Lewis was looking at adapting its operation at a national level from press speculation, it only became apparent that its Watford store would not be reopening on 2nd July following discussions between intu and the John Lewis Partnership. This was reported to the Mayor by senior Intu representatives.

The John Lewis Partnership has a 999 year sublease, giving John Lewis a 'Virtual Freehold' on its site. This arrangement means John Lewis Partnership pays no rent on its site. This was agreed when the Harlequin Centre opened in 1990 and approved by the previous council's administration. John Lewis has not paid business rates from March 27th 2020, along with all other businesses across the country because of the government's temporary Business Rate Holiday introduced by the Chancellor.

Question: How many meetings had the Mayor had with the managing director of John Lewis since it was known it was in financial trouble?

Answer

The Mayor has met with senior representatives of John Lewis since it was known that talks had broken down with centre operator intu. Intu, as the centre's operator, leads on all negotiations with retailers within its centre, as is common practice across the retail sector.

The Mayor also has an upcoming meeting with the Partnership's Chairman Sharon Lewis to encourage the John Lewis to stay in the town.

Question: When he was elected in May 2018 what was he told of the trading position and finances of INTU?

Answer

The Mayor and the Council have been aware of the recent issues that intu at a national level have been facing financially and have been closely monitoring the situation to ensure they can continue to support the town centre.

The financial performance of intu Watford continues to be a strong one and the shopping centre is profitable. Intu Watford is in the top 20 retail destinations in the country in terms of footfall and the centre has made all of its quarterly rent payments to the local authority.

Question: There has been continued speculation nationally about INTU finances and their debts for the last 2-years since the new Charter place was opened-What action did the elected Mayor take to safeguard Watford Council's interest in the site considering the Council's commercial rent interest from INTU?

Answer

Intu's financial difficulties were driven by significant corporate debt at a national level. This was not due to problems related to their trading at Watford, which has been successful.

Intu have long leasehold interests over the intu Centre. The length of the leases means that they are marketable to another company in the event that intu might wish to leave the centre. The lease does contain the usual covenants that allow the Council to step in, in the event of insolvency, protecting the centre and the council's interest in it.

The council owns a freehold on the intu site. This means that unlike many councils, we both generate a regular income to reinvest in local services from the rental income we receive from the centre and can control future development on the site. If we did not, it would mean the council would have no say in any future developments at the centre.

The Council employs leading independent property experts Lambert Smith Hampton to advise on the management of its commercial property portfolio, including the intu centre, to ensure good value for money for local residents.

Question: How many meetings did he have with INTU management since May 2018 regarding the financial worries concerning INTU?

Answer

The Mayor has met with senior intu Management in Watford 37 times since being elected in May 2018 and has corresponded with them 182 times between May 2018 and July 2020.

Question: What agreements were signed by the previous Mayor if any with INTU management about INTU's future when the council agreed to INTU taking over and developing Charter Place?

Answer

The previous Mayor did not sign any agreements with intu, all legal agreements are signed on behalf of the council by officers under the terms of the council's constitution. All decisions relating to the redevelopment of Charter Place were taken by Cabinet. Full details of this are available in the Cabinet reports of 18 June 2012 and 8 October 2012. Both these meetings were attended by Cllr Bell. There had also been an all member briefing on 27 September 2012. These reports set out in detail the proposed transaction with intu.

Essentially the council granted intu a temporary lease of the land it owned to enable them to undertake the development. It also entered into an agreement that on the completion of the redevelopment the Council would take on the freehold of a number of units owned by intu that were part of the redevelopment area. It would then have the freehold ownership of the whole area of land comprising the redevelopment, whilst giving intu a long lease. This gives the council a regular income from the site as well as control over its future.

The Council also agreed to make a Compulsory Purchase Order to acquire the land necessary to redevelop Charter Place. Intu entered into an indemnity agreement with the Council to cover the costs of the compulsory purchase and any compensation claims arising from it. This was also agreed by Cabinet on 9th March 2015.

Question: What legal agreements do we have with INTU?

Answer

As stated above we have a long lease with them for Charter Place and two long leases for the remainder of the Intu Watford Shopping Centre. We also have an indemnity agreement with them to compensate us for our costs and any compensation we may have to pay as a result of the Compulsory Purchase Order.

For information our leases are with WRP Management Limited and Intu Watford Limited neither of which are in administration and are still trading.

The indemnity agreement is also with WRP Management Limited.

Question: Once the Mayor knew the problems at Intu long before the recent lockdown, did he and his administration ask senior council officers to draw up a Plan A and Plan B based on the worst case scenario of the 2 major stores John Lewis and Debenhams pulling out of our main shopping centre?

Answer

The Mayor and the council are constantly planning and investing in the long term future of our town centre and have been doing so over a number of years. There has been retail interest in vacant units in Intu and the Council will continue to work with Intu to support their efforts to find retailers for these sites.

Intu Watford has the highest occupancy rate of any Intu centre in the country according to its 2018/19 Annual Report and Watford High Street still has one of the highest retail occupancy rates in the country.

Report to Council – 14 July 2020

Report of Cabinet – 6 July 2020

Cabinet met on 6 July 2020. The minutes are published on the Council’s website.

The following Members were present at the meeting:

Present: Mayor Taylor (Chair)
Councillor Collett (Deputy Mayor and Portfolio Holder for Community)
Councillor S Johnson (Portfolio Holder for Property and Housing)
Councillor Sharpe (Portfolio Holder for Regeneration and Development)
Councillor Watkin (Portfolio Holder for Resources and Customer Service)
Councillor Williams (Portfolio Holder for Client Services)

Also present: Councillor Bell, Labour Group Leader
Councillor Parker, Chair of Overview and Scrutiny Committee
Councillor Turmaine, Chair of Finance Scrutiny Committee
Councillors Khan and Ezeifedi

Officers: Managing Director
Interim Director of Finance
Group Head of Democracy and Governance
Group Head of Place Shaping
Group Head of Corporate Strategy and Communications
Group Head of HR and Organisational Development
Head of Housing
Head of Community Protection
Housing Strategy Officer
Senior Licensing Officer (AY)
Mayor’s Political Assistant
Democratic Services Manager

The following included recommendations to Council.

11. Council Plan – 2020-2024 / Delivery Plan – 2020-22

Cabinet received a report of the Managing Director and Group Head of Corporate Strategy and Communications incorporating the Council Plan 2020-2024. It also included the Delivery Plan 2020-22 that underpinned the Council

Plan, setting out the programme of work. It was noted this report would be forwarded to Council on 14 July 2020.

The Mayor introduced the report and thanked the Managing Director and Group Head of Corporate Strategy and Communications for all their work in compiling the new Council Plan. It provided a future focus for the council, setting out how it would achieve its ambitions and commitments. He noted that Cabinet would receive a quarterly update on its progress.

The Managing Director informed Cabinet that the Council Plan contained three key themes and under each of these there were five commitments. The council was building on its response to Covid-19. The Delivery Plan was set for a period of 18 months and it was confirmed a quarterly update report would be provided to Cabinet. The approach was to ensure flexibility and enable the council to respond to emerging matters, which was important in the post Covid-19 era.

Councillor Collett noted that the Equality Impact Analysis had been prepared taking into account how the council had responded to Covid-19, aware of the protected characteristics and particularly the effect of Covid-19 on the BAME community.

Councillor Bell, leader of the Labour Group, thanked the Managing Director for the wide-ranging report. He commented that he agreed with much of its content. He had noted Councillor Collett's comments and referred to the motion submitted to Council by Councillor Ezeifedi.

RESOLVED –

1. that the Council Plan 2020-2024, at Appendix 1 to the report, be approved and recommended to Council, subject to any amendments.
2. that the Delivery Plan 2020-2022, at Appendix 2 to the report, be approved.
3. that it is recommended to Council that the Managing Director be authorised to make minor amendments to the Council Plan 2020-2024 in consultation with the Elected Mayor.
4. that the Managing Director be authorised to make minor amendments to the Delivery Plan 2020-2022 in consultation with the Elected Mayor.

5. that it is noted progress on delivering the Council Plan 2020-2024 to be reported on a quarterly basis to Cabinet, with an annual report being published.
6. that it is noted the actions outlined in the report that will contribute to the delivery of the Council Plan 2020-2024.
7. that the establishment of the new role of Executive/Group Head Assistant be agreed.

Agenda Item 12

Report to Council – 14 July 2020

Report of Cabinet – 6 July 2020

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Present: Mayor Taylor (Chair)
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Councillor Williams (Portfolio Holder for Client Services)

Also present: Councillor Bell, Labour Group Leader
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Officers: Managing Director
Interim Director of Finance
Group Head of Democracy and Governance
Group Head of Place Shaping
Group Head of Corporate Strategy and Communications
Group Head of HR and Organisational Development
Head of Housing
Head of Community Protection
Housing Strategy Officer
Senior Licensing Officer (AY)
Mayor's Political Assistant
Democratic Services Manager

The following included recommendations to Council.

13. **2020/21 Revenue Budget and Capital Programme**

Cabinet received a report of the Director of Finance setting out the latest forecast of the impact of Covid-19 on the council's finances. It also set out proposed actions to rebalance the budget and fund recovery activity during the remainder of the year.

Councillor Watkin introduced the report. He said that the version before Cabinet was slightly different to the one presented to Finance Scrutiny Committee. He explained the projected loss of income and increase in costs. The officers had identified savings to put against the net increase. The shortfall of £1 million would be taken from the economic reserve.

The Mayor noted that it was an evolving situation and the council was still waiting to hear the details of the Government's announcement made the previous week.

Councillor Turmaine, Chair of Finance Scrutiny Committee, commented that the scrutiny committee had received the budget report. It had been recognised the significant impact Covid-19 had had on the council's finances. The scrutiny committee would be closely monitoring the budget over the coming year.

The Director of Finance advised that there were two key risks that had still to be considered; financial implications related to the leisure centres and commercial income. The council had started to receive June quarter rents, however some had approached the council to ask for rephrasing.

Councillor Bell thanked the Director of Finance for her response to his email. He enquired when officers would have an indication of the shortfall from Council Tax collection. In addition he asked how the money added to the recovery fund would be spent.

The Director of Finance advised that she was aware people had requested changing payment dates. Once the statistics for June had been collated officers would have a better understanding. In respect of business rates there had been an impact in April but it was slowly recovering. However, she cautioned members that it may be some time before the council knew the full impact.

The Managing Director explained that £1.2 million added to the recovery reserve would support activities set out in the Road to Renewal item, with a focus on our businesses and community.

RESOLVED –

1. that the financial impact of Covid-19 and the work being done to balance the budget be noted.

2. that Cabinet recommends to Council that the Director of Finance be authorised to make the necessary adjustments to individual budgets to reflect the expenditure and loss of income arising from Covid-19 contained in the report, including the expenditure savings set out in Appendix 1 and the capital programme changes set out in Appendix 2.
3. that Cabinet recommends to Council the use of Earmarked Reserves as set out in Appendix 3 in order to create a Recovery Fund and that Council delegates the approval of expenditure from the Fund to the Managing Director in consultation with the Mayor.

Part A

Council 14th July 2020

Addendum to Item 12: 2020/21 Revenue Budget and Capital Programme

Director of Finance

Update to paragraph 4.2 of the Cabinet Report

The Council is currently in an advance stage of negotiation with SLM in relation to financial relief to be provided to SLM in relation to the leisure contract for 2020/21 and financial relief and is expected to reach final settlement to allow the centres to reopen.

An update will be provided to Councillors once the contract variation has been signed.

Additional recommendation

That Council delegate to the Director of Finance, in consultation with the Mayor, the authority to authorise the variation to the contract and amend the budget accordingly.