

HARBOROUGH DISTRICT COUNCIL
MINUTES OF THE MEETING OF THE PERFORMANCE SCRUTINY PANEL

held at

The Council Chamber

Symington Building, Adam & Eve Street, Market Harborough, LE16 7AG

on

9th December 2021

Commencing at 6.30 p.m.

Present:

Councillor Rickman, Chairman

Councillors: Bannister, Frenchman, Graves, James, Mahal, Mrs Wood

Officers: C. Bland, L. Elliott, S. Green, S. Hamilton and C. Mason

APOLOGIES FOR ABSENCE AND NOTIFICATIONS OF SUBSTITUTION

Apologies were received from Councillors Knowles, who was substituted by Councillor James.

MINUTES

RESOLVED that: the Minutes of the Meeting of the Performance Scrutiny Panel held on the 29th September 2022 be taken as read and signed by the Chairman as a true record.

DECLARATIONS OF MEMBERS' INTERESTS

There were none.

2021-22 REVENUE AND CAPITAL MONITORING – QUARTER 2

The purpose of the report was to provide the Scrutiny Panel with the revenue and capital budget monitoring report up to the 30th September 2021 for consideration. The report had been presented and considered by the Cabinet on the 29th November 2021.

Based on the financial position as at 30 September 2021, the forecast outturn as at the 31st March 2022, based on known income and expenditure commitments and working assumptions, the forecast:

- i. Revenue service outturn is forecasting an overspend of £107k; a 0.8% variance to the approved budget.
- ii. Capital outturn is forecasting an underspend of £81k; a variance of 2% to the approved budget.

The Chairman invited questions and comments from those present and the following was recorded:

Question/ Comment	Response
<p><u>Capital Expenditure:</u> given that the Council is forecasting an underspend this year, what are the reasons for this ?</p>	<p>The reasons for the £81k underspend are noted in a summary in Section 4: Appendix A on page 9 of the report.</p>
<p><u>Implications over the MTFS (paragraph 3.12 of the report):</u> the note at the bottom of Table 3 within para. 3.12 states that future years MTFS have not been adjusted for the pay award as this award has not yet been agreed. Is there any reason why this type of assumption can't be made now to take into account the potential for the pay awards ?</p> <p>Why is firm in inverted commas within Table 3, heading BC25 Tranche 2 & 3 "Firm" Savings ? and does this imply that there are less firm savings to be made ?</p>	<p>The report references the situation in September 2021 and the amounts of the settlement at that time were changing. A firmer position is being reached and will be embedded in future iterations of this quarterly monitoring.</p> <p>When the Budget Challenge 25 (BC25) Review was undertaken, firm savings equated to savings that definitely could be achieved, and some details of some savings which required further work.</p> <p>To provide less speculative representation of the figures within the quarterly monitoring reports, firm savings have been included, and the inverted commas have been included to emphasise that these are embedded into the budget to achieve those savings.</p>
<p><u>Draw down of reserves:</u> is there anything that can be done to try and resolve the continuing drawing down of reserves over the course of the MTFS ?</p>	<p>The Council has reserves so that it can invest in its community. The ICT strategy has been developed to introduce significant transformation. The flexible use of capital receipts was recently introduced so that capital can be used to finance transformation where before reserves were used.</p> <p>The final 2 tranches of BC25 have now entered the budget and improvements continue to be made.</p> <p>Councillors are also being encouraged to put forward ideas to mitigate the Council's costs.</p>
<p><u>Financial Performance Capital para 4.2 Disposal of land at De Verdon Rd, Lutterworth:</u> has there been any discussion about how the £4.3 million be apportioned with regards to the Council's revenue or capital accounts ?</p>	<p>The £4.3 million can't be apportioned as this is capital and can't be allocated as revenue. However at this stage, the Council has invested this capital receipt as part of the Council's cash balances and a small amount of return is being received.</p>
<p><u>Planning income referenced in para 2.3:</u> why has there not been an update to the information regarding the impact of Covid 19 on areas such as <u>planning income, which was provided in the September 2021 report</u> ?</p>	<p>Paragraph 2.3 is discussing all the various risk areas which were identified when the budget was approved. This section is highlighting that it is the responsibility of managers in discussions with their Portfolio Holders to manage the budget and that it reflects the requirement to working in partnership to address the various pressures.</p>
<p><u>Leisure Provision: SLM:</u> could an explanation be provided in relation to the credit income accrued over the summer of 2020 as per para 3.8 ?</p> <p>What type of credit income does this refer to ?</p>	<p>Additional support was approved. A new settlement was agreed with SLM. The Council is receiving more money than expected.</p>

<p>Was the credit income received due to a model which had to be more accurately refined later with proper historic information, or was it due to mistakes on either side, or another reason ?</p>	<p>At the start of the pandemic, a new arrangement was entered regarding the reimbursement of the contractor, SLM and an 'Open Book arrangement' is operating, with the Council only covering SLM's costs, monitored on an on-going basis.</p> <p>The costs incurred were a mixture of basic salaries for staff maintaining the buildings and property maintenance through the reconciliation process.</p> <p>As the market opened up and the public recommenced using the facilities, both costs and income increased, but as the use wasn't at the levels prior to the pandemic, the amount of income was still less than the Council had expected to receive, resulting in a net cost to the Council.</p> <p>As part of the reconciliation process there was some money owed back to the Council, in the form of the credit income, and as per the explanation above, is for a mix of items.</p> <p>The credit income was received through the modelling process.</p>
<p><u>Government Grants Awarded to the Councils Community – para 5.3 Table 6:</u> has the government provided the Council £5.5 million to cover the grants awarded ?</p>	<p>Confirmation was given that £5.5m has been given by the government and the Council is distributing this to businesses.</p> <p>It was clarified that Table 6 indicated that amount of grants awarded in the current financial year.</p> <p>It was AGREED that information would be provided to the Panel members on the total amount of grants awarded during the pandemic period.</p>
<p><u>Income lost to Covid-19:</u> what is the difference between the amount of income to the Council lost to Covid and the amount covered by government grants and has this shortfall improved ?</p>	<p>Since the beginning of the pandemic, reports have been presented as both Covid and non-Covid spend. After Quarter 1 of this financial year, the decision was taken to draw this comparison to a close and to continue going forwards as business as usual, as the amount of Covid spend was reducing, and also the grants received by the Council for the Covid spend had finished at the end of Quarter 1.</p>
<p><u>Impact of the Covid-19 Pandemic – para 5.2 Table 5:</u> why does the Governance Service Area cover car parking ?</p>	<p>That is how the structure is set up at the moment, and it was AGREED that clarification would be provided to the Panel members after the meeting.</p>
<p><u>Variiances over £25k:</u> in relation to the variiances resulting from the issue of not recruiting staff as quickly as originally planned how is that affecting service delivery and how is that being monitored at the beginning of the MTFS ?</p>	<p>With regards to the 'vacancy factor', Service Managers will be looking at their service, and their delivery and their performance indicators. The high level performance indicators are reported to the Cabinet on a regular basis as part of the performance report. If these were impacted, discussions would take place at the</p>

	<p>Corporate Management Team (CMT) level, as resources are addressed at a Corporate level.</p> <p>Service Managers discuss within their teams to see whether resources can be managed internally, and discuss with their Directors as to whether there are any impacts on their service performance and if necessary brought to CMT.</p> <p>Also all Service Managers meet on a weekly basis to discuss resources and if there are any pressures and to assist each other.</p> <p>There is no significant impact from the vacancies at the current time, however CMT is currently looking to see if there is any impact from sickness absence.</p>
<p><u>Staffing reductions:</u> are Agency staff being used ?</p>	<p>Yes Agency staff are used on a minimum basis. As the majority of staff are on one months notice, and time is required for the recruitment process etc, if a post is required to be filled urgently, Agency staff would be used on an interim basis to alleviate service delivery.</p>

The Panel RESOLVED to note the budget monitoring report.

REGULATION OF INVESTIGATORY POWERS ACT (2000) (RIPA)

The Panel received a report which provided an update on instances of when the Council had invoked RIPA powers, and it was noted that the Council has not yet invoked RIPA powers.

The Panel RESOLVED to note the RIPA report.

UPDATE ON HARBOROUGH DISTRICT COUNCIL BUSINESS CENTRES

The Panel received a report and comprehensive presentation outlining progress with the two Harborough District Council Business Centres – Harborough Innovation Centre and Harborough Grow-on Centre.

Harborough Innovation Centre (HIC) is a business centre with up to 52 individual office spaces, shared workspaces, virtual services, meeting rooms, onsite café and reception services. Established in 2011 as Harborough District Council's first business centre and funded by HDC, European Regional Development Fund (ERDF) and East Midlands Development Agency, the HIC has supported more than 250 business since opening. The HIC's main point of difference is the targeted and tailored business support start-up businesses and SMEs receive. This includes strategic coaching and mentoring as well as advice on grants and funding.

In the early years, the management of the HIC was outsourced to a centre operator, Oxford Innovations. In 2019, HDC brought the running of the HIC in house. In recent times, occupancy at the HIC has fallen due a mix of factors, the main being the Covid-19 pandemic from early 2020. Since then, occupancy has fallen due government requirements to work from home for much of the past year meaning many businesses have seen a dramatic reduction in turnover.

Harborough Grow-on Centre (HGC) is a business office centre offering 17 individual office spaces ranging from 532 – 2,076 sq. ft. with two separate meeting rooms and a reception area. It was designed and built following the success of the Harborough Innovation Centre and was opened in 2020. The project was funded by HDC with support from the European Regional Development Fund (ERDF) and the Leicester and Leicestershire Enterprise Partnership (LLEP).

The aim of the HGC is to work as part of HDC Business Centres in tandem with the Harborough Innovation Centre (HIC). The aspiration is to transition companies that outgrow the HIC to the HGC to continue their growth whilst also encouraging other small to medium scale businesses into the HGC either from within the district or further afield.

Designed to meet the needs of SMEs (small to medium enterprises), tenants are able to sign longer leases of 3 years or more dependent on requirements.

The Economy and Business Service Manager, David Wright, was thanked by the Panel for an excellent and very informative presentation, and thanks also were expressed to Tim Bradbury, Business Centres Manager, for his excellent work in bringing in new tenants and improving customer service with tenants.

The Chairman invited questions and comments from those present and the following were recorded:

Question/ Comment	Response
<u>Prospective tenants:</u> what probability do you assign to prospective tenants ?	There is confidence in achieving the scale of tenants detailed within the report.
<u>HIC Café:</u> does the café pay rent as if it were a business using the Innovation Centre ?	<p>The Harborough Innovation Centre café is a privately run business and is subject to rent. The café has been greatly affected over the last 18 months by the pandemic, enforced closures due to lockdowns and from the majority of HIC residents and local businesses working from home. The Council has supported the café owner through the pandemic to help promote and regrow the business.</p> <p>This café is open to the public but this is not widely known so any help in promoting this fact by Councillors would be appreciated.</p>
<u>Grow on Centre(GoC) Café:</u> is there an opportunity to work with the Leisure Centre in providing a café at the GoC ?	As part of a future business growth plan for the HIC café, expansion to the Grow-on Centre to provide a café solution has been discussed for some time. These discussions are ongoing and will be dependent on occupancy growth at the GOC, but would be preferable to working with the Leisure Centre café.
<u>Marketing of HIC:</u> is information on the HIC sent out to residents of new homes, who may work from home within Market Harborough ?	This is a good idea, which hasn't yet been done, but has been discussed and is being look at. New packs are provided to new tenants.
<u>Virtual meeting space:</u> has consideration been given to offering virtual meeting space ?	Virtual offices have been offered at the HIC for some time, although the possibility offering a facility for a registered office is also being explored.
<u>Commercial Property:</u> there is a risk of doing more property investment in the same manner, and there are other types of projects such as investing in alternative energy provision for example. Regarding the HIC and GoC, is the Council considering for the future and for future	The question is not within the remit of this Panel, however the commercial property that the Council would be allowed to invest in is limited. The Commercial Strategy has been revised and the only commercial property that is in the

<p>business projects, other capital projects that may not be business centres ? Is the Council thinking more broadly which could help spread the risk in the long term future ?</p>	<p>possession of the Council is through Harborough District Commercial Services Ltd.</p> <p>Commercial property per se is not restricted, but investing for future yield purposes is restricted i.e. to generate an income stream purely from investing in commercial type activity.</p> <p>That would not preclude the Council from investing in commercial property but if the Council did, the Council could not borrow money through the Public Works Loan Board around which restrictions exist.</p>
<p><u>Subsidies for both Centres:</u> Has the HIC been subsidised for the past 10 years ?</p>	<p>Prior to the Pandemic, the HIC was operating up to 86% occupancy, which is the breakeven level, but during the pandemic this reduced to 48%.</p>
<p><u>Break-even occupancy level:</u> what is the break-even occupancy level for each Centre ?</p> <p>What is the split between the combined cost to the Council of £311k at the end of 2020/21 for each Centre ?</p>	<p>The breakeven level for both centres is between 86% and 88% occupancy, although this also relies on other income streams being achieved.</p> <p>Based on current activity, the breakeven point should be reached halfway through year 4 of the MTFS.</p> <p>It was AGREED that this information would be provided to Panel members after the meeting.</p>
<p><u>Cost of investments in each Centre:</u> are costings available for the various investments proposed for both Centres ?</p>	<p>All of the recent investments undertaken have been fairly modest to date have been absorbed within the general revenue budget.</p> <p>A case for the investment into the green initiatives, i.e. solar panels, EV car charging and LED lighting will have to be made to the Council with a potential return over approximately 6/7 years.</p>
<p><u>Agile working policy:</u> is there an opportunity for HDC staff working from home to use the facilities at the Centres ?</p> <p>Can the public just drop in to use the office space at the HIC or is only pre-bookable ?</p>	<p>There is an open offer for HDC staff to use the HIC, rather than the GoC (as that is not staffed), as well as Councillors (on an occasional basis).</p> <p>Yes it is pre-bookable, however drop-in sessions between 8.30 and 5.00pm Monday to Friday, could be currently facilitated.</p>
<p><u>Home working implications:</u> will any home working implications have a financial impact on the business of the Centres ?</p>	<p>Yes. The Economic Development team monitor the position re home working, and currently administers the Additional Restrictions grants until March 2022. If businesses seem to be really struggling, help can be provided, and currently work is being undertaken in promoting Green Digital and Innovation grants.</p>
<p><u>Future monitoring:</u> can a future report be provided to the Panel in 12 months, and subsequently on a yearly basis, so that progress can be monitored particularly regarding areas such as the uptake of tenants, and the progress</p>	<p>It was AGREED that an annual monitoring report will be provided to the Panel.</p>

to achieve the surplus of £175k by the end of 2024/25.	
<u>Engagement with businesses in the wider District:</u> are there tenants within either Centre which come from outside Market Harborough ? If not what can the Council do to try and engage with small and emerging businesses in areas such as Lutterworth, Broughton Astley and Scraftoft, to encourage them to locate to the Centres ?	The Centres are branded as Harborough District facilities. It was AGREED that the marketing of both Centres needs to consider engagement with businesses from across the wider District.
<u>Achievements at the HIC:</u> it was noted that HDC should be very proud of what had been achieved at the HIC.	It was AGREED that the presentation slides and recording relating to the HIC and GoC be circulated to all Councillors. Councillors were encouraged to promote the Centres to residents and wards.

The Panel RESOLVED to note and monitor the progress with Harborough District Council Business Centres, particularly in relation to increasing occupancy levels, synergies between facilities and progress with management arrangements.

MATTERS OF SPECIAL URGENCY

None were reported.

The Meeting ended at 8.10 p.m.