

Public Document Pack



Nottingham
City Council

Nottingham City Council Executive Board

Date: Tuesday 13 February 2024

Time: 2.30 pm

Place: Dining Room - The Council House, Old Market Square, Nottingham, NG1 2DT

Councillors are requested to attend the above meeting to transact the following business

Director for Legal and Governance

Governance Officer: Phil Wye

Direct Dial: 0115 8764637

- 1 Apologies for Absence**
- 2 Declarations of Interests**
- 3 Minutes** 3 - 18
Minutes of the meeting held on 19 December 2023, for confirmation
- 4 Housing Revenue Account (HRA) Business Plan 2024-2053, Medium Term Financial Plan (MTFP) 2024-2028, Budget 2024-25 including rent setting, and Public Sector Housing Capital Programme 2024-29** 19 - 44
Joint report of the Portfolio Holder for Housing and the Portfolio Holder for Finance and HR
- 5 Concessionary Fares Scheme reimbursement arrangements 2024-25** 45 - 70
Report of the Portfolio Holder for Highways, Transport and Planning
- 6 Increase and reprofile of budget for Oakdene development, St Ann's** 71 - 76
Report of the Portfolio Holder for Housing
- 7 Property Acquisitions Programme 2024-2026** 77 - 84
Report of the Portfolio Holder for Housing
- 8 Guildhall complex, revised terms for disposal** 85 - 88
Report of the Portfolio Holder for Skills, Growth, Economic Development

and Property

9 Exclusion of the Public

To consider excluding the public from the meeting during consideration of the remaining items in accordance with Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, Paragraphs 3 and 5, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighs the public interest in disclosing the information

10	Increase and reprofile of budget for Oakdene development, St Ann's - Exempt Appendix	89 - 92
11	Property Acquisitions Programme 2024-2026 - Exempt Appendix	93 - 94
12	Guildhall complex, revised terms for disposal - Exempt Appendix	95 - 102

If you need any advice on declaring an interest in any item on the agenda, please contact the Governance Officer shown above, if possible before the day of the meeting

Citizens attending meetings are asked to arrive at least 15 minutes before the start of the meeting to be issued with visitor badges

Citizens are advised that this meeting may be recorded by members of the public. Any recording or reporting on this meeting should take place in accordance with the Council's policy on recording and reporting on public meetings, which is available at www.nottinghamcity.gov.uk. Individuals intending to record the meeting are asked to notify the Governance Officer shown above in advance.

Nottingham City Council

Executive Board

Minutes of the meeting held at Loxley House, Station Street, Nottingham, NG2 3NG on 19 December 2023 from 2.00 pm - 3.22 pm

Membership

Present	Absent
Councillor David Mellen (Chair)	
Councillor Audra Wynter (Vice Chair)	
Councillor Cheryl Barnard	
Councillor Steve Battlemuch	
Councillor Kevin Clarke	
Councillor Corall Jenkins	
Councillor Jay Hayes	
Councillor Angela Kandola	
Councillor Pavlos Kotsonis	
Councillor Sajid Mohammed	
Councillor Linda Woodings	

Colleagues, partners and others in attendance:

Mel Barrett	- Chief Executive
Ross Brown	- Corporate Director for Finance & Resources
Colin Parr	- Corporate Director for Community, Environment and Residents Services
Sajeeda Rose	- Corporate Director for Growth and City Development
Malcolm Townroe	- Director of Legal and Governance
Catherine Underwood	- Corporate Director for People
Phil Wye	- Governance Officer

Call-in

Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 29 December 2023. Decisions cannot be implemented until the working day after this date.

71 Apologies for Absence

None.

72 Declarations of Interests

Councillor Sajid Mohammed declared a Disclosable Pecuniary Interest in agenda item 9 - The Disposal of Investment Property Assets from the Property Trading Account (minute reference 79) because he is a tenant of one of the properties discussed in the report. He left the meeting prior to discussion and voting on this item.

In relation to agenda item 4 - Budget Strategy and Medium Term Financial Plan (MTFP) 2024/25 to 2027/28 (minute reference 74), in the interests of transparency Councillors David Mellen, Cheryl Barnard and Linda Woodings stated that they were appointed members to the Boards of Bakersfield Community Centre, Nottingham Schools Trust and Nottingham City of Literature.

73 Minutes

The Board confirmed the minutes of the meeting held on 21 November 2023 as a correct record and they were signed by the Chair.

74 Budget Strategy and Medium Term Financial Plan (MTFP) 2024/25 to 2027/28

Councillor Audra Wynter, Portfolio Holder for Finance and HR, presented the report updating Members on the latest 2024-25 indicative budget gap and progress in delivering a credible medium term financial strategy able to ensure the Council is in a position to meet its statutory legal requirement to set a balanced 2024-25 General Fund Budget by 11 March 2024.

The Council approved a balanced 4-year Medium Term Financial Plan (MTFP) in March 2023 based on the best available information at the time. However, the environment within which the Council is operating is constantly evolving and continues to present significant financial challenges both in the current year of 2023-24 and through into 2024-25.

The Council faces significant budget pressures and uncertainty, including not just the increased demand for services, the long-term impact of COVID-19 and the current backdrop of economic uncertainty and inflation, but also from the current level of financial support from Central Government over the medium term.

As part of delivering this financial strategy this report seeks approval to enter into public and staff consultation on an initial range of new saving proposals. The MTFP forecast is predicated on a number of assumptions that are subject to change prior to final budget setting.

The provisional Local Government Finance Settlement was announced on 18 December, increasing the Council's core spending power by 6.3%, however this includes the raising of Council tax and the Adult Social Care Precept.

The following points were raised during discussion on this item:

- (a) the provisional settlement received from the government does not acknowledge all of the vital services that the Council provides, and the huge rise in demand for Adult Social Care, Children's Safeguarding and Homelessness Prevention which are impacting all Councils in the country. Reductions in these services will have a knock-on effect to health services and anti-social behaviour;
- (b) a number of the proposals put forward do not have political approval, but have been included in order to balance the budget as required by law, following a

reduction in funding of around £100m each year from the government over 10 years;

- (c) the Council has tried to keep its Adult Social Care services in-house as much as possible over this period and protect front-line posts, however there are now proposals to close some provision and commission these services from the external market. The costs of these services have increased due to inflation, heating costs and fuel costs;
- (d) the way that local government finance is organised makes budget setting very difficult for Councils, and the way that Councils receive a single year budget means that it is very difficult to plan ahead, particularly when they are under pressure as they currently are;
- (e) it is important that citizens, partners and voluntary sector organisations take part in the consultation, so that the Council knows which services are most valued so that they can be protected where possible;
- (f) the reduction of youth centres is not supported by Councillors as they are vital for delivery of services in the community and are in areas of high need. A reduction in welfare rights services could lead to more homelessness, and reduced youth services could lead to more anti-social behaviour. Luncheon clubs are an important resource for elderly residents to access services in one place;
- (g) a reduction in the Police and Community Support Officer budget will lead to disastrous outcomes and an increase in anti-social behaviour. The burden on the Council for tackling crime is ever increasing and the funding is unstable as it is provided in yearly cycles;
- (h) Nottingham has high deprivation and low levels of car ownership, so reductions in bus provision will have a major impact, particularly on the elderly and disabled who will be socially isolated;
- (i) cutting grants to the Voluntary Sector will mean that they are less able to support the Council in meeting its duties and leading to higher costs in the long term.

Resolved to

- (1) note the latest indicative budget gap for 2024/25 of £33.215m;**
- (1) note the officer developed savings proposals totalling £35.553m using the Duties and Powers framework that will be used to undertake the necessary consultation;**
- (2) note the details of all proposals contained within Appendices 1 and 2 of the report;**
- (3) authorise the Corporate Director or Director(s) with responsibility for each proposal to carry out all necessary steps required in relation to each proposal, including undertaking any further consultation in accordance with**

the Council's legal duties and responsibilities;

- (4) approve, where any staffing reductions result from the savings proposals set out in this report, the reductions be supported through a targeted voluntary redundancy approach and that redundancy compensation be in accordance with the Council's agreed Discretionary Compensation Regulations Policy provisions for voluntary redundancies;**
- (5) note that the Council is operating in a dynamic environment that could lead to further growth requirements in key demand led areas that may result in increasing the indicative budget gap;**
- (6) note that further work is continuing to identify ways in which a balanced budget for 2024-25 and a robust MTFP can be achieved, and that these will form part of future reports to Executive Board as appropriate.**

Reasons for decision:

- The report is part of the Council's continuing budget planning process and builds on existing MTFP decisions previously approved and considered by Full Council on 6 March 2023 and Executive Board on 18 July 2023 respectively.
- It primarily sets out the assumptions made for the General Fund revenue element of the draft budget and MTFP and sets out the saving proposals developed by officers for 2024-25 to 2027-28 using the Duties and Powers framework to undertake the budget consultation. The proposed budget consultation will run for a four-week period between 19 December 2023 to 16 January 2024. The responses to the proposed budget consultation and any proposed changes will be considered and agreed by the Executive Board and Full Council respectively in February 2024.
- The overarching objective of the Councils budget strategy is to try to deliver a balanced budget by deploying a framework which allows the Council to resize to a scale that matches its financial envelope and is financially sustainable on a continued basis. That framework is the Duties and Powers approach (equivalent to legal minimum), that has been deployed and utilised to articulate the minimum cost of service provision against the Council's legal obligations as set out in legislation and guidance. The Council will need to both transform the way in which it delivers its services and what it is able to deliver. Fundamental change to its operating base is required to ensure that the Council is on a firm financial footing and is able to live within the resources available to be deployed.
- It must be recognised that due to the ongoing volatility of the operating environment as articulated through the continued pressures seen in-year across council's demand-led services, there is high probability that the current indicative budget gap may increase, beyond that currently stated. Corporate Leadership Team (CLT) are currently undertaking detailed work for their respective demand led areas which will feed into the updated MTFP position alongside the impact of the Local Government Finance Settlement and collectively will be presented to the Executive in the new year.

- Overall, the officer developed saving proposals set out within the report contribute towards reducing the indicative budget gap for 2024-25 to 2027-28. In few cases such as those which set out policy direction, detailed implications will only begin to emerge as preparatory work commences following the budget consultation and subject to budget approval. Where this is the case, the final decision whether or not to implement the proposal will only be undertaken once full implications are known and mitigated, including whether or not a proposal should be amended prior to implementation. Where proposals, when considered in more detail result in a lower financial saving, it will be the responsibility of the relevant Corporate Directors to find alternative savings to the equivalent value to replace the reduced amount. Where required and in accordance with the Council's legal duties and responsibilities, respective departments may undertake additional targeted consultation in relation to specific proposals.
- Proposals that include workforce reductions will be subject to collective consultation with Trade Unions and affected colleagues in line with established policy and procedures. Details of proposals may be amended during the consultation and consequently alter the way in which the identified proposals will be delivered.

Other options considered:

- Throughout the budget process a range of different options have been considered including various levels of council tax, investment, expenditure reductions and income generation proposals. This is a complex process with many iterations and possibilities too numerous and detailed to present as discrete options here. This report presents the overall set of current draft proposals which together seek to balance levels of investment, income, cost reductions and an appropriate level of Council Tax

75 Establishment of a Waste Transformation Board

Councillor Corall Jenkins, Portfolio Holder for Environment, Waste Management, Open Spaces and Parks, presented the report seeking support from Executive Board to establish a Waste Transformation Board to oversee the development of critical statutory services and discretionary services comprising waste collection and disposal, district heating and the associated depot and fleet services implications.

Resolved to

- (1) support the establishment, membership and resourcing of a Waste Transformation Board providing officer and external oversight and governance to the development of waste operations, waste disposal, depot, fleet and district heating services for the Council;**
- (2) approve the key principles upon which the Waste Transformation Board will consider, direct and recommend actions to develop these services within the formal decision-making processes of the Council;**
- (3) consider the future recommendations of the Board and to allocate appropriate financial resources within the 2024-25 MTFP to enable the**

activities and actions set out in the report to progress, cognisant of the critical programme path.

Reasons for decision:

- The Council is a statutory Waste Collection Authority (WCA) and Waste Disposal Authority (WDA), requiring it to collect and dispose of municipal waste, including household waste, within its administrative boundary. Its statutory obligation as a WCA/WDA extends to complying with specific regulations and statutory guidance which set out acceptable minimum standards of performance, but the Council also retains a level of flexibility in determining how to ensure that it complies with such obligations. Historically, WCA obligations have been delivered as an in-house service, whilst through legislative requirement, WDA functions have been externally commissioned.
- Following extensive public consultation, in March 2023, the Council formally adopted a Municipal Resources and Waste Strategy setting out its key objectives in delivering its obligations as a WCA and WDA, including the delivery of high quality, customer focused waste management services that are accessible and inclusive. The Strategy also commits the Council to:
 - Manage wastes as resources, using the waste hierarchy as a guide: to prevent wastes arising in the first instance; then reuse; then recycle / compost; then recover energy, and finally, to dispose of waste as a last resort.
 - To reduce the amount of waste landfilled, working towards zero waste to landfill.
 - Continually seek to reduce carbon emissions to improve performance and contribute to the City and Council ambitions on carbon emissions.
 - ‘Lead from the front’ and improve the environmental performance of activities within Council buildings and via services it provides, including the management of waste and resources.
 - Work in partnerships with the community sector, private sector or other public sector bodies to expand the resource and expertise available to the municipal waste management service and engage with the residents and the customers of the service to promote environmental awareness and improve participation in waste reduction, re-use and recycling schemes.
 - Ensure that options facilitate / integrate the management of commercial, industrial and other wastes where it is environmentally, socially and economically feasible to do so.
 - Seek efficiencies and economies of scale through partnering and procurement to retain a cost-effective service.
 - Utilise and improve existing infrastructure where it can contribute to sustainable waste management and innovate in the development of new infrastructure where required.
 - Develop local solutions wherever practicable to minimise transport impacts of the service. The value of secondary raw materials / energy should be used locally where practicable.
- Alongside the ambitions within the Strategy there are national drivers which require the Council to review how it collects and disposes of waste, both domestic and commercial:

- The Environment Act 2021 presents new obligations on councils to deliver new minimum standards in delivery of their waste services.
- The Department for Environment, Food and Rural Affairs (DEFRA) has produced statutory guidance under its “Simpler Recycling” plans which obligate councils to introduce weekly food waste collections, extend the range of waste materials to be separately collected for recycling, and encourage adoption of a minimum frequency of collections of residual (non-recyclable) waste in return for New Burdens funding to support the delivery of the improvements set out.
- District Heating growth opportunities through DESNZ appraisal to be completed
- Local Drivers include:
 - Need to drive a Waste Policy that clarifies service standards and expectations of residents, on how waste is to be presented.
 - Review of where subsidy exists within the service, for example, exploring charging arrangements where there is not a duty to collect such as garden waste.
 - Disposal contract arrangements and expiry dates (incinerator contract expires 2030) including option reviews for service independencies such as district heating.
 - Requirement to understand procurement needs for future disposal options – green waste, recycling, Household Waste Recycling Centre (HWRC).
 - Workforce Transformation and Culture.
 - Behavioural Change to optimise waste collections (the right waste in the right waste stream).
 - Member visibility of waste services.
 - Future resourcing requirements, fleet, training, depot.
 - Financial position of the Council.
 - Market Testing delivery options across the range of waste and district heating services.
 - Infrastructure investment is necessary as the existing District Heating Network heat station approaches the end of its economic life and parts and maintenance skill approach obsolescence.
 - To mitigate potential financial risks associated with the long term delivery of the city’s District Heating Network and our obligations to the network’s existing commercial and domestic customer base.
- The financial position of the Council requires a fundamental review of the waste service provision to ensure that ambition and delivery deliver best value and are best use of public funds.
- A primary strategic driver for the programme will be mitigating the significant financial challenges that the execution of our statutory waste duties and obligations to customers to deliver District Heating will present to the Council in the next decade.
- The recommendations will require dedicated project teams, with the assistance of appropriate expert advisors, to develop improvements in the delivery of key Council waste services within a robust governance framework to ensure that the

Council secures Best Value in the future delivery of those services.

- The establishment of a Waste Transformation Board will ensure that there is appropriate assurance that the options available for future service delivery have been robustly developed and reviewed in the context of the financial, construction and technical risks of each option in the short, medium and longer term.
- The strategic drivers for improving waste services resonate directly with the “One-Council” philosophy, requiring significant cultural change in the way that services are delivered and the way that service users access these essential services. Financial impact has traditionally driven decision making in the provision of waste services, such that whilst waste service costs are bottom quartile across English unitary authorities, service quality and recycling performance is also bottom quartile (least expensive per head of population). Consultation shows that 67% of customers are either very satisfied or fairly satisfied with all forms of household waste collections, whilst 71% are either very or fairly satisfied with the services received at the Household Waste and Recycling Centre.
- The requirement to transform waste services to achieve Best Value will have direct implications for fleet and depot management, particularly the waste collection and street cleansing services currently operating out the Eastcroft Depot. Changes to the delivery model for waste collection, and the contracting arrangements for its disposal, require consideration of collection vehicle types and numbers, their associated fleet maintenance requirements and identification of other essential depot infrastructure required to ensure services are transformed to meet the objectives and principles set out in the report.

Other options considered:

- The option to not form a Waste Transformation Board was rejected on the basis that significant decisions would not be developed with appropriate corporate oversight and governance. The scale and significance of the decisions required for the services in scope are critical for the short, medium and long-term development of the Council’s statutory waste service functions and for decisions to be taken regarding the longer-term future of district heating in Nottingham.
- Not allocating the appropriate resources to develop business cases for Waste Transformation options will not enable the Council to make informed decisions regarding the future of these services, potentially exposing the Council to unknown and unsustainable future costs without the security of appropriate arrangements in place to deliver Best Value.

76 Homelessness Grants

Councillor Jay Hayes, Portfolio for Housing, presented the report concerning the acceptance of a number of grants to support the delivery of the Council’s Homelessness Prevention and Rough Sleeping Strategy and seeking agreement to accept the grant income and spend it in accordance with the defined programmes, developed in adherence with strict grant conditions that the spend is for homelessness prevention activity and/or directly supporting a reduction in rough sleeping. The report also seeks permission for Nottingham City Council budgetary

spend on an interim arrangement to maintain the compliant procurement of emergency temporary accommodation pending the establishment of an ongoing arrangement.

Resolved to

- (1) accept all 2023-24 and 2024-25 Homelessness Prevention Grant allocations and agree the programme of spend for 2023/24, outlined at Appendix A of the report;**
- (2) accept all 2022-2025 Rough Sleeping Initiative grants for spend upon the programme agreed by the Department for Levelling Up, Housing and Communities, as outlined at Appendices B, C and D of the report;**
- (3) accept all 2022-25 Accommodation for Ex Offenders (AfeO) grants for spend against the programme agreed by the Department for Levelling Up, Housing and Communities, outlined at Appendix E of the report;**
- (4) to note that Call off of an interim order from the YPO Travel Management Solutions 2 framework at the value of £1,284,489 will be made to ensure the continuation of arrangements to secure emergency temporary accommodation for homeless households as detailed at point 2.8, and to note that this expenditure has been approved by the Section 151 Officer;**
- (5) delegate authority to the Corporate Director for Growth and City Development to adjust the programmes of spend for these grants, within their financial envelopes and to accept future grants ringfenced for Homelessness and approve the programmes of spend in agreement with the Department for Levelling Up, Housing and Communities as required.**

Reasons for decision:

- There has been a significant increase in homelessness and rough sleeping nationally and locally. This has been driven by a range of factors including the undersupply of housing, increased private sector rents, the failure of local housing allowance rates to keep up with rent rises, increased cost of living pressures and an increase in mortgage costs. These problems have been further exacerbated locally by low average wages and high levels of deprivation. Nottingham City Council has been proactive in responding to these pressures, making best use of available funding and has prioritised efforts to prevent homelessness.
- Homelessness pressures are significant in Nottingham. There are an average of 126 new applications to Nottingham City Council Housing Solutions per week from homeless households and the city has over 2,540 open homelessness cases which is on average over 165 cases per statutory officer. There are around 470 families in temporary accommodation and 156 in hotels or nightly paid provision. Nottingham City Council commissions over 490 units of supported accommodation for single homeless people, 50 units of accommodation for rough sleepers and over 60 Housing Led properties, all of which are full with a further 29 single people in hotels as temporary accommodation and 26 in the Nottingham

Winter Shelter.

- Nottingham City Council invests £1.186m in the statutory operational and strategic service (and from this financial year has agreed further investment of £0.904m) as well as £4.2m in housing related support community sector services (including community based support and accommodation based services to prevent and respond to homelessness and rough sleeping). In 2023-24 the council has committed £4.36m to provide temporary accommodation, through a range of measures including commissioned services and via a booking system for short term placements. Despite this, due to the reliance on hotels to meet statutory duties to provide temporary accommodation, there is a projected budget overspend in 2023-24.
- Nottingham City Council has developed a plan to address the overspend and a Best Value review of homelessness is underway. However, Nottingham City Council must seek to maximise any government grant opportunity in order to invest in homelessness staffing and services to help meet local need and to achieve the Nottingham City Council plan aim to reduce rough sleeping in the city and deliver the Nottingham Homelessness Prevention and Rough Sleeping Strategy.
- Grant funding is also critical in supporting the council to fulfil statutory duties and responsibilities. The Housing Act 1996, Part VII as amended by the Homelessness Act 2002 and the Homeless Reduction Act 2017, sets out the council's statutory duties to prevent and relieve homelessness and provide temporary and settled accommodation. Furthermore, the cross government strategy Ending Rough Sleeping For Good places a requirement on local authorities to work with the Department for Levelling Up, Housing and Communities to reduce street homelessness and minimise the risk of rough sleeping.

Other options considered:

- Not accepting the grant funding. This was rejected as whilst the grant allocation and award does not currently sufficiently cover the cost of meeting local need, not accepting the grant award allocated and awarded would mean it is not possible to effectively deliver the interventions focussed on preventing homelessness and rough sleeping which would extend the pressure on council budgets.
- Not spending the grant funding according to the prescribed programme of spend. This was rejected because it is not an option to accept the grant and use it for an alternative purpose within the council as the allocation is ringfenced for use on meeting statutory homelessness duties and a condition of the grant award is to use it according to the programme agreed by DLUHC.

77 Sutton House - Decommissioning of Independent Living Accommodation & conversion to Temporary Accommodation for homeless families.

Councillor Jay Hayes, Portfolio Holder for Housing, introduced the report seeking approval to decommission Sutton House from its current use as Independent Living

(IL) accommodation and for it to be refurbished for use as Temporary Accommodation (TA) for homeless families.

Nottingham City Council (NCC) has a statutory duty to provide temporary accommodation to people in priority need who are facing homelessness and whilst they have their application for permanent housing assessed. Whilst the long-term strategy for the Council is to focus on prevention, there is in the meantime a requirement for temporary accommodation to ensure it is able to meet its duties, the alternative is to continue to rely on Bed and Breakfast (B&B) and Nightly Paid Temporary Accommodation (NPTA), which is costly and unsuitable for families over an extended period.

Sutton House is currently an IL scheme owned by NCC as a Housing Revenue Account (HRA) asset managed by NCC Housing Services. The scheme, which is situated in Radford, has over the last few years suffered from a steady decrease in demand.

Resolved to

(1) agree that Sutton House be decommissioned from use as Independent Living accommodation;

(2) agree that the outcome of consultation with tenants regarding decommissioning be considered;

(3) agree that Sutton House be repurposed for use to provide temporary accommodation for homeless families;

(4) note that the conversion works and decommissioning costs totalling £1,143,781 will be funded by the HRA Capital Programme and revenue respectively, and that this expenditure has been approved by the Section 151 Officer;

(5) agree a Registered Provider (RP) be procured to lease the building from the Council for less than 21 years to manage the temporary accommodation (lease terms to be agreed by the Director of Economic Development & Property).

Reasons for decision:

- The Council has a statutory duty to provide TA to people in priority need who are facing homelessness and while they have their application for permanent housing assessed. Currently the Council utilises over 441 units of temporary accommodation (not including Bed & Breakfast). All this accommodation is full and there are currently an additional 185 households in B&B or Nightly Paid Temporary Accommodation (NPTA).
- The demand for IL accommodation at Sutton House has been declining over recent years and therefore has been identified as needing an alternative use or declared surplus. Its current use means that it lends itself easily for conversion for

use as temporary accommodation, which will keep costs to a minimum and can be provided relatively quickly.

Other options considered:

- Deliver a new build scheme instead of a refurbishment – this option has been discounted as this would be too costly and would take too long to deliver - B&B costs will be expended in the meantime. The existing building is in good condition so to demolish and rebuild would not only be expensive but would also have a significant carbon impact.
- Sale of Sutton House on the open market for capital receipt – Although this option would benefit the Council with a capital receipt, the costs for providing TA through the use of B&B accommodation will still need to be found and the costs to decommission Sutton House will still need to be paid. There is also a risk that due to current market uncertainty the property may take time to sell, incurring holding costs.
- Sale of the site to a developer with the requirement to deliver TA. This would likely result in an impairment issue due to the value of the site being less as TA reducing the amount of capital receipt compared to the value site for alternative development.
- Do nothing – This option would result in a) the property continuing to operate even though demand is declining b) severe financial implications for the Council to continue paying B&B and NPTA costs c) the detrimental impact on families by placing them in unsuitable TA.

78 Letting of premises at 3, 5, 7, 9 & 11 Carrington Street, Nottingham, NG1 7EQ

Councillor Steve Battlemuch, Portfolio Holder for Skills, Growth, Economic Development and Property, presented the report regarding the letting of Units 3, 5, 7, 9 & 11 Carrington Street on market facing terms to a prime UK covenant. The unit has been openly marketed by a retail property specialist which has recommended the Council accept the terms of the letting. The letting will provide income and remove void costs.

Resolved to

- (1) approve the lease terms agreed with the prospective tenant in respect of the subject property as set out in the exempt appendix to the report;**
- (2) note that associated fees will be paid, and to note that this expenditure has been approved by the Section 151 Officer;**
- (3) delegate the approval of final terms to the Director of Economic Development & Property**

Reason for decision:

- The property has been vacant since completion of construction, with the opportunity marketed by an external agent on behalf of the Council. Acceptable lease terms have been negotiated with the prospective tenant.

Other options considered:

- Not to proceed with the letting to the prospective tenant – this is not recommended as the premises have marketed and terms have been agreed with a single occupier on market facing terms. The Council is responsible for meeting all associated void costs.

79 The Disposal of Investment Property Assets from the Property Trading Account

Councillor Sajid Mohammed declared a Disclosable Pecuniary Interest in this item because he is a tenant of one of the properties discussed in the report. He left the meeting prior to discussion and voting on this item.

Councillor Steve Battlemuch, Portfolio Holder for Skills, Growth, Economic Development and Property presented the report regarding assets proposed for disposal that have been reviewed in accordance with the Council's Asset Rationalisation Programme and endorsed as being suitable for disposal. The proposed disposals support the Council's Together for Nottingham Recovery and Improvement Plan refresh 2022 and would provide a capital receipt.

Resolved to

- (1) make the assets detailed in the exempt appendix to the report surplus to the requirements of the Property Trading Account;**
- (2) approve the disposal of the surplus assets detailed in the exempt appendix on terms to be agreed;**
- (3) delegate the approval of the asset management and/or method of sale to the Director of Economic Development & Property;**
- (4) delegate approval of the final terms of sale to either the Director of Economic Development and Property or the Corporate Director for Growth and City Development in line with constitutional value bands;**
- (5) note spend of £130,000 on associated disposal fees has been approved by the Section 151 Officer;**
- (6) appoint sales agent(s) or any other required consultant via a procurement compliant process (tender/framework/quotation) to facilitate the disposals process;**
- (7) delegate the approval of any licences/agreements or required legal agreements to facilitate a sale to the Director of Economic Development & Property.**

Reason for decision:

- The disposals will generate significant capital receipts which can be used by the Council as considered appropriate. It will also mitigate potential future financial risks arising from capital and revenue expenditure required to meet the council's repairing and statutory obligations and remove resource-intensive assets from the Council's ownership, and remove any costs associated with voids/re-letting and refurbishment.

Other options considered:

- Not to sell the assets. This option has been rejected as retention of the assets could present a financial risk to the Council. It would also forego a potentially significant capital receipt which could be used by the Council. Significant Capex is required on the vast majority assets proposed for disposal, to ensure compliance with the Council's contractual and statutory obligations. This expenditure is necessary to preserve existing income streams and protect the value of an asset. Required expenditure includes repairs to buildings for which the Council is liable, and compliance with statutory requirements, most notably works to satisfy minimum energy efficiency standards (MEES) and obtain valid Energy Performance Certification (EPC). In the absence of a valid EPC certificate, the council is prevented from letting assets which fail to meet required legislation. EPC requirements are becoming increasingly stringent, with the next major uplift in standards being implemented on 1st April 2027. Failure to expend monies will result in fines, loss of income, reputational damage and incur void costs and impairment in capital value. It is also anticipated market sentiment will turn negative on non-EPC compliant assets in advance of the 1st April 2027 deadline. Currently no provision to implement EPC compliance works exists within the Capital Programme and urgent Budgetary provision is required to comply with impending legal requirements. It is considered unlikely that Capex on EPC and repair works will generate increased rental income, as compliance with contractual lease obligations and legislation is expected.

80 Increase to Eastglade development budget

Councillor Jay Hayes, Portfolio Holder for Housing, introduced the report regarding the completion of Eastglade, a 106 council home development in Bestwood that started on site in 2021. In 2022, the principal contractor went into liquidation when the scheme was around three-quarters completed, meaning the development was paused and a replacement principal contractor required. The increased costs associated with procuring a second contractor two years after the approved budget was set and those incurred in securing the site whilst inactive, has meant an increased budget is required to complete the development.

Resolved to

(1) note that spend of £2.11m to increase the budget for the Eastglade development has been approved by the Section 151 Officer;

(2) note that spend of £1.26m HRA revenue to capital contribution and £0.84m RTB replacement receipts to fund the £2.11m budget increase has been

approved by the Section 151 Officer;

(3) appoint Lovell Partnership to undertake the completion of Phase B of the scheme.

Reasons for decision:

- The Eastglade development is three quarters complete and critical to Nottingham's new supply of council housing, with homes having already been allocated to households from the waiting list. Completion of the scheme is the only viable option.
- The proposed approach of appointing the existing principal contractor for the remaining phase B reduces a further round of pause, re-tender and associated transition costs.
- The existing contractor has been retained to quote because they demonstrate good value via the procurement approved Fusion 21 framework.
- The proposed funding of the budget increase does not require any HRA borrowing and allows the use of RTB replacement receipts to meet 40% of increased cost.

Other options considered:

- As above completion of the scheme for the best value possible is the only viable option, no others were considered.

81 Exclusion of the Public

Resolved to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, Paragraphs 3 and 5, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighs the public interest in disclosing the information.

82 Establishment of a Waste Transformation Board - Exempt Appendix

Councillor Corall Jenkins, Portfolio Holder for Environment, Waste Management, Open Spaces and Parks, presented the exempt appendix, which the Board noted.

83 Homelessness Grants - Exempt Appendices

Councillor Jay Hayes, Portfolio Holder for Housing, presented the exempt appendices, which the Board noted.

84 Sutton House - Decommissioning of Independent Living Accommodation & conversion to Temporary Accommodation for homeless families - Exempt Appendix

Executive Board - 19.12.23

Councillor Jay Hayes, Portfolio Holder for Housing, presented the exempt appendix, which the Board noted.

85 Letting of premises at 3, 5, 7, 9 & 11 Carrington Street, Nottingham, NG1 7EQ - Exempt Appendix

Councillor Steve Battlemuch, Portfolio Holder for Skills, Growth, Economic Development and Property, presented the exempt appendix, which the Board noted.

86 The Disposal of Investment Property Assets from the Property Trading Account - Exempt Appendices

Councillor Steve Battlemuch, Portfolio Holder for Skills, Growth, Economic Development and Property, presented the exempt appendix, which the Board noted.

87 Increase to Eastglade development budget - Exempt Appendix

Councillor Jay Hayes, Portfolio Holder for Housing, presented the exempt appendix, which the Board noted.

Executive Board – 13th February 2024

Subject:	Review Housing Revenue Account (HRA) Business Plan 2024-2053 Update Medium Term Financial Plan (MTFP) 2024 - 2028 HRA Budget 2024/25 – including Rent Setting Public Sector Housing Capital Programme 2024/25 to 2028/29
Corporate Director(s)/Director(s):	Sajeeda Rose, Corporate Director for Growth & City Development Ross Brown, Corporate Director of Finance & Resources Geoff Wharton, Interim Strategic Director of Housing Shabana Kausar, Director of Finance
Portfolio Holder(s):	Cllr Jay Hayes, Portfolio Holder for Housing Cllr Audra Wynter Portfolio Holder for Finance & HR
Report author and contact details:	David Worthington, Interim HRA Accountant
Other colleagues who have provided input:	Sharon Guest, Director of Housing Alison Brown, Director of Property Geetha Blood, Interim Strategic Finance Business Partner, Growth & City Development Tom Shaw, Capital Accountant, Strategic Finance
Subject to call-in: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	This report is exempt from call in as approved by the Chair of the Overview and Scrutiny Board.
Key Decision: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Criteria for Key Decision:	
(a) <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking into account the impact of the decision	
(b) Significant impact on communities living or working in two or more wards in the city: <input checked="" type="checkbox"/> No	
Type of expenditure: <input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	If Capital, provide the date considered by Capital Board Date: 6 December 2023
Total value of the decision: n/a	
Wards affected: All	
Date of consultation with Portfolio Holder(s):	
Relevant Council Plan Key Outcome:	
Green, Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Living Well in our Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
The report provides the Executive Board with	

- ❖ An update on key economic indicators and forecasts
- ❖ An overview of key developments in national and local housing policy
- ❖ The draft HRA Budget 2024/25 including rent setting proposals
- ❖ The draft 4-year HRA Medium Term Financial Strategy (MTFS)
- ❖ The current 30-year HRA Business Plan 2024-2053
- ❖ The proposed Public Sector Housing capital programme 2024/25 – 2027/28

Does this report contain any information that is exempt from publication - No

1. Executive Summary

- 1.1 On the 29 November 2023 the Section 151 Officer issued a report to all Councillors under section 114 (3) of the Local Government Finance Act 1988 (The Act) The purpose of the report was to formally notify the Council that in his professional opinion that the Council is unable to meet its statutory requirement to deliver a balanced general fund budget in 2023/24. The HRA is a ring-fenced part of the general fund.
- 1.2 HRA records the transaction of the City Council's landlord's services function. Local housing authorities are required by Section 74 of the Local Government & Housing Act 1989 (the 1989 Act) to keep an HRA. The HRA reflects the statutory obligations to account separately for local authority housing provision. It identifies the major elements of HRA expenditure and how they are funded from rents and service charges.
- 1.3 This report presents the existing 30-year HRA Business Plan which would need to be updated in 2024/25. It provides an overview of the financial planning that supports the management and operation of the portfolio of 24,756 homes and other commercial assets owned by the Council's HRA. This covers both revenue and capital spending plans and therefore incorporates the Council's Housing strategy and Asset Management Plan (AMP).
- 1.4 The 30-year HRA business plan helps inform the Medium-Term Financial Plan (MTFP) and the 2024/25 HRA Budget and capital programme. The budget proposals ensure the Council can provide a financially sustainable service model. We continue to invest in services and the existing HRA stock. This is to ensure we create a balance that meets our regulatory and landlord obligations, including maintaining the decent homes standard, and new requirements contained in the Social Housing Regulation act 2023 with improving customers perception of the services received.
- 1.5 The HRA business plan, MTFP and 2024/25 budget proposals has been prepared using a range of financial information incorporating prudent estimates and financial assumptions to set a balanced budget.
- 1.6 The operating environment remains challenging with the cost-of-living crisis, rising interest rates, economic uncertainty and financial risks due to the long-term effects of the pandemic, global supply chain issues and other cost pressures. To help maintain and protect levels of service and the future sustainability of the HRA the

budget includes a rent increase of 7.7% in line with the Government's current rent policy.

- 1.7 The operational management and maintenance of the housing stock returned to the City Council on 1st April 2023 after being delegated to Nottingham City Homes for the previous 17 years. All budgets are now managed in-house, and staff TUPE'd back to the Council. In 2024 the Housing Service will be integrated into the One Council operating model. With the development of clear memorandums of undertaking and costed service level agreements to ensure protection of the HRA against general fund pressures.

2. Recommendations

The Executive Board to approve:

Housing Revenue Account (HRA) – Revenue Budget

1. The gross HRA Budget 2024/25 of £128m and note the Medium-Term Financial Plan (MTFP) as set out in Table 1.
2. An average rent increase with effect from 1 April 2024 of:
 - a) 7.7% in relation to dwellings in line with the Government's current rent policy;
 - b) 7% in relation to garage rents.
3. An average 6.7% increase in tenants and leaseholder service charges with effect from 1st April 2024 as set out in Appendix 4.
4. An average 6.7% increase in other fees levied on other HRA dwellings as set out in Appendix 4.
5. Revenue growth proposals of £6.217m as set out in section 7 and Appendix 2.

Housing Revenue Account – Adequacy of Balances and Reserves

6. To note the following:
 - a. Setting of a minimum working balance of £10m informed by the latest financial risk assessment (Section 9)
 - b. The level of reserves as set out in Table 2 and Appendix 1 subject to further review by the Section 151 Officer (Corporate Director of Finance and Resources).

Housing Capital Programme

7. To approve the following:

- a. Capital planned schemes of £32.764m as set out in section 8 (Table 6) and funded by £8.770m Restricted RTB receipts and £23.994m direct revenue financing over 4 years subject to further investment appraisal and further approval of the schemes.
 - b. Housing Capital Programme of £69.631m for 2024/25 and noting the £218.018m in the MTFP 2025/26 to 2027/28 and proposed sources of finance (Table 7).
8. Delegate responsibility to the S151 Officer (Corporate Director of Finance and Resources) in consultation with the Corporate Director of Growth and City Development to review the utilisation of restricted RTB receipts and where necessary, to return the receipts to DLUHC to avoid excessive interest charges.
 9. Delegate to the Section 151 Officer Corporate Director of Finance and Resources to review and amend the Prudential Indicators as outlined in the Treasury Management Strategy which will be approved by full Council on the 27 February 2024.

3. Reasons for recommendations

- 3.1 The HRA covers all income and expenditure relating to the portfolio of housing stock owned by the Council. It is required by the 1989 Act to be ring-fenced from the Council's General Fund.
- 3.2 The legislation specifies that only expenditure relating to the Council's landlord role can be charged to the HRA and by extension, funded by the rents and service charges charged to tenants and leaseholders.
- 3.3 The Council has a legal duty to ensure that the account remains solvent and to prepare a long-term business plan annually that keeps this under regular review.
- 3.4 The rent and service charge increases are necessary to ensure the long-term sustainability of the HRA budget and the investment needed to maintain properties to required regulatory standards. The current level of disrepair claims are a reflection of underinvestment in the past and will require a substantial amount of investment in the future. The sustained underinvestment has also resulted in a number of growth bids been submitted this year. Primarily, these bids address the need to get accurate baseline information on the stock and the service to ensure all statutory duties are fully discharged and to meet government guidelines on sound asset knowledge to guide future investment.

Background (including outcomes of the consultation)

4. National and Local Economic Context

- 4.1 On the 29 November 2023 the Section 151 Officer issued a report to all Councillors under section 114 (3) of the Local Government Finance Act 1988 (The Act). The purpose of the report was to formally notify the Council that in his professional opinion that the Council is unable to meet its statutory requirements to deliver a balanced general fund budget in 2023/24.
- 4.2 The Chancellor presented the Autumn Statement to Parliament on the 22 November 2023. This included the Government's key priorities of reducing inflation, creating economic growth, and controlling debt. The Government also announced several housing and planning measures to facilitate the provision of new affordable homes.
- 4.3 There were no announcements on departmental spending limits despite the increased pressure being experienced in the Housing sector. These pressures include construction industry inflation, material shortages and the general lack of affordable housing. The draft budget includes prudent assumptions on inflation rates, the cost of borrowing and the future demand for quality housing.
- 4.4 The sector is experiencing some of the most significant reform for years and the financial implications of meeting these reforms is still to be determined. Social Housing (Regulation) Act 2023 has introduced new measures to improve the standards, safety and operation of social housing.
- 4.5 The building and fire safety requirements have put new requirements on landlords to demonstrate compliance. The Housing Ombudsman is actively promoting in the national and local media a route for customers to complain about their experience of service delivery.
- 4.6 The introduction of the Tenant satisfaction (perception and management) measures provides a standard methodology for housing organisations to work too. Further change is expected in 2024 with more law, changes to the Decent homes standard including energy efficiency requirements and the review to the Housing Health and rating system. This is coupled with the Housing regulator having greater powers to intervene in organisations where issues are identified.
- 4.5 The Government has set the targets so that the United Kingdom will reach net zero carbon emissions by 2050. The Council's long-term target for residents and businesses in Nottingham is to reach net zero by 2028. We recognise this target is not achievable, but we are committed to providing new homes at high efficiency levels and will continue to contribute to these aspirations as part of our approach to maintain decency in our housing stock and in our approach to service delivery.

5. HRA 30-year Business Plan

- 5.1 Preparing a HRA 30-year Business Plan involves an assessment of the long-term financial implications of key strategic objectives alongside ongoing landlord

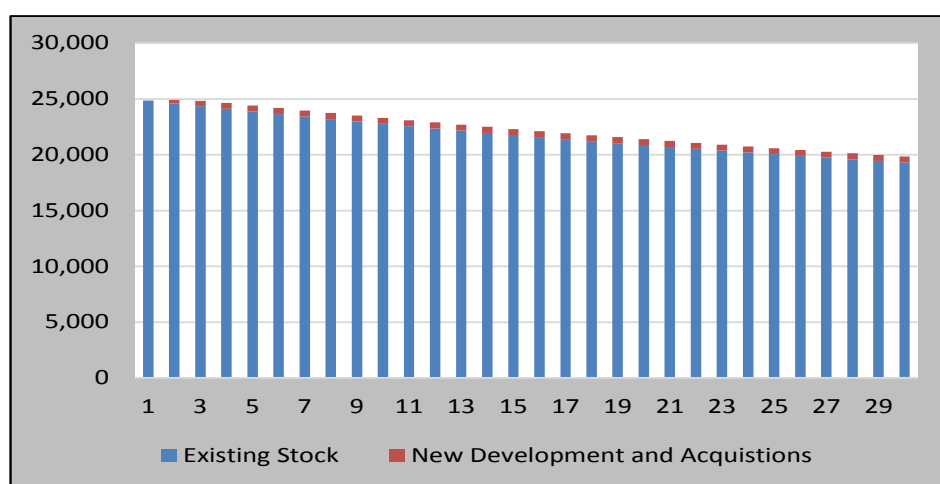
operations and service improvements. The impact of capital investment plans, available capital funding, service resource requirements, legislative changes and other global financial assumptions are modelled to create a detailed financial picture.

- 5.2 The 30-year HRA business plan is a high-level financial planning tool which provides the financial framework for formulating the MTFP and the annual budget. The business plan sets out the Council's HRA Strategy in financial terms and contains the following key assumptions.
- 5.3 The HRA business plan incorporates the Government's Rent Standard 2020 as amended by the Rent Standard 2023. This allows all registered providers to increase both social and affordable rents by the Consumer Price Index (CPI) plus 1%. Due to the unprecedented high levels of inflation in September 2022 the Government capped the rent increase at 7% in 2023/24. For 2024/25 the Government has returned to their original policy of CPI plus 1%. The CPI in September 2023 is 6.7% and the business plan assumes a rent increase of 7.7% in 2024/25, for subsequent years the business plan assumes CPI at 2% which is consistent with industry practice.
- 5.4 The plan assumes that for all non-dwelling rents including garages will increase by 7.0% in 2024/25 and 3% in subsequent years. Commercial properties will be increased by the prevailing open market rents when the lease is renewed.
- 5.5 The plan assumes that the costs of all services provided to tenants and leaseholders will be fully recovered through service charges. It is assumed that in 2024/25 service charges will increase by 6.7% and by 3% for all subsequent years.
- 5.6 The plan assumes property maintenance costs will be uplifted annually to reflect the rising costs of labour and materials. It is assumed that for 2024/25, repairs and maintenance inflation will increase by 15% but will reduce to 3% in subsequent years. This is a very conservative figure as materials costs have risen 43% in two years, while labour costs are up by nearly 10%. Data from the ONS points to even faster rates of inflation for individual building materials, particularly those that are energy-intensive, or in high demand. Availability of materials is also impacting on prices. This will be reflected in the review of the HRA business plan in 2024.
- 5.7 Similarly, with supervision and management costs, it is assumed that the pay award will increase by 4.5% and other costs will increase by an average 5%. In respect of subsequent years, it is assumed that management and supervision costs will increase by an average 3%.
- 5.8 The business plan considers the forecasts and assumptions contained in the Asset Management Plan (AMP). The AMP is being reviewed in 2024. It will reflect our service offer for customers and our risk-based approach to meet regulatory requirements. Our aim will be to move resources from a reactive service to planned, preventative and proactive approach. This will be driven by improved data intelligence on the condition and deterioration of our assets against available budgets and customers' expectations of their homes. It will set out our approach for the repair, maintenance, replacement and improvement to key building elements

and components in individual dwellings, blocks, estates and HRA neighbourhoods. We will use this approach to demonstrate value for money in service delivery.

- 5.9 Stock numbers are an essential element of the business plan and the current assumption that from 2024/25 onwards is that there will be 260 right to buy (RTB) sales each year based on current numbers. The level of sales is higher than the current new build and acquisitions programme which means that the level of housing stock is diminishing. In 2024 we are conducting a review of our independent living schemes due to an oversupply which could result in options including remodelling of smaller units and developing options to convert hidden homes from within existing blocks and assets.
- 5.10 The business plan incorporates the current Housing Capital Programme (HCP) along with the sources of finance.
- 5.11 The business plan also incorporates the Council's Treasury Management Strategy (TMSS) which includes the Voluntary Debt Reduction Policy Statement (VDRPS). This means that for the period 2023/24 to 2026/27 there shall be no new borrowing which has a significant impact on the new build and acquisitions programmes.
- 5.12 The business plan includes a detailed analysis of HRA reserves including requirement to maintain a minimum working balance as well as the Major Repairs Reserve (MRR) and other reserves.
- 5.13 The VDRPS and the current moratorium on borrowing means that new build and acquisition programme will end in 2026/27. Without any new additions the stock numbers will fall with the consequential loss of rental income. Graph 1 shows the potential reduction in stock numbers over the life of the business plan.

Graph 1 Reduction in stock over the life of the Business Plan



- 5.14 Following approval of the 2024/25 HRA Budget the 30-year Business Plan will be refreshed and continually reviewed and updated. A further report will be brought to the Executive during 2024/25.

6. HRA Medium Term Financial Plan

- 6.1 The medium-term financial plan (MTFP) sets out in detail the first four years of the 30-year business plan. The assumptions used in preparing the MTFP are the same as those used in the business plan.
- 6.2 The only difference between the MTFP and the business plan is that the MTFP includes the proposed growth and savings being recommended for approval.
- 6.3 Table 1 sets out the 2024/25 to 2027/2028 revenue MTFP for the HRA. It provides a detailed analysis of income and expenditure which can legitimately be charged to the HRA. The MTFP shows that for each financial year the HRA has a balanced budget with expenditure match income.

Table 1 HRA MTFP 2024/25 to 2027/28

Housing Directorate	Budget 2024/25 £m	Estimates 2025/26 £m	Estimates 2026/27 £m	Estimates 2027/28 £m
Income				
Dwelling Rents	(114.342)	(117.772)	(121.305)	(124.944)
Non-Dwelling Rents	(2.746)	(2.778)	(2.811)	(2.845)
Service Charges	(11.205)	(11.542)	(11.888)	(12.244)
Other Income	(0.222)	(0.222)	(0.222)	(0.222)
Total Income	(128.514)	(132.313)	(136.226)	(140.256)
Expenditure				
Repairs & Maintenance	33.979	29.897	30.946	31.393
Management & Supervision	36.744	36.416	36.927	37.309
Depreciation and Amortisation	30.427	34.279	37.289	38.817
Provision for Bad Debts	2.213	2.213	2.213	2.213
Direct Revenue Financing	7.200	4.734	3.180	3.180
Total Expenditure	110.562	107.539	110.556	112.911
Net Cost of Housing Services	(17.952)	(24.774)	(25.670)	(27.344)
Capital Financing Charges				
Debit Interest Paid	15.279	15.020	14.486	13.810
Credit Interest Received	(5.857)	(5.857)	(5.857)	(5.857)
Total Deficit/(Surplus)	(8.530)	(15.610)	(17.040)	(19.391)
Contribution to Reserves	8.530	15.610	17.040	19.391
Net Total	(0.000)	0.000	0.000	0.000

- 6.4 Set out in Table 2 is a summary of the forecast HRA reserves over the MTFP a detailed breakdown of each reserve is in Appendix 1

Table 2
HRA Total Reserves 2024/25 to 2027/28

HRA RESERVES	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m	Budget 2027/28 £m
Balance Brought Forward - 1st April	(90.854)	(87.860)	(92.634)	(103.601)
Contributions to the Reserve	(38.957)	(49.889)	(54.829)	(58.208)
Contributions from the Reserve	41.951	45.115	43.863	41.202
Balance Carried Forward - 31st March	(87.860)	(92.634)	(103.601)	(120.606)

- 6.5 It can be seen from Table 2 that following the Chartered Institute of Public Finance Accountants (CIPFA), Penn review and the Item 9 Determination issued by the Department for Levelling Up, Housing and Communities (DLUHC) that the HRA general reserves are increasing. The increases in reserves reflect the requirement for the NCH (Nottingham City Homes) Group to reimburse the HRA £18m as instructed by the Secretary of State. The viability of the NCH Group will be put at risk if payment is made in full and therefore an arrangement has been made where the General Fund reimburse the HRA over a period of 8-years.
- 6.6 A key part of 2024/25 budget is the transformation of the housing services. The service plan identifies key areas for improvement and investment including data intelligence, customer experience and information technology (IT). These priorities were informed by a range of activities including customer feedback, complaints, Housing Ombudsmen determinations, self-review of services against the requirements of the Social Housing regulation Act 2023. Working collaboratively within housing and the wider NCC corporate teams, to support improvements in data intelligence and IT, the HRA Budget has included growth items the provision for the development of a risk-based approach to asset data intelligence.
- 6.7 The MTFP reflects the risks arising from an ageing housing stock and increasing repair costs. The number of disrepair claims is increasing and within the recommendations for growth is the provision to refresh the stock condition survey. Undoubtedly, this will reveal a significant demand for essential repairs which will make a significant demand on reserves.
- 7. HRA Budget 2024/25**
- 7.1 The HRA budget 2024/25 has been prepared to reflect a cautious approach to reflect the national and global economic outlook. The proposed budget is built on prudent assumptions around inflation, interest rates and the continuing strong demand for social housing. Set out in Table 3 is the draft 2024/25 HRA budget compared with the original 2023/24 budget.

Table 3 HRA Budget 2024/25

Housing Directorate	Approved Budget £m	Budget 2024/25 £m	Movement £m
Income			
Dwelling Rents	(106.955)	(114.342)	(7.387)
Non-Dwelling Rents	(2.700)	(2.746)	(0.046)
Service Charges	(10.048)	(11.205)	(1.157)
Other Income	(0.222)	(0.222)	0
Total Income	(119.924)	(128.514)	(8.590)
Expenditure			
Repairs & Maintenance	30.136	33.979	3.843
Management & Supervision	34.145	36.744	2.599
Depreciation and Amortisation	35.001	30.427	(4.574)
Provision for Bad Debts	2.213	2.213	0.000
Direct Revenue Financing	0.600	7.200	6.600
Total Expenditure	102.095	110.562	8.468
Net Cost of Housing Services	(17.830)	(17.952)	(0.123)
Capital Financing Charges			
Debit Interest Paid	17.501	15.279	(2.222)
Credit Interest Received	(0.171)	(5.857)	(5.686)
Total Deficit/(Surplus)	(0.500)	(8.530)	(8.031)
Contribution to Reserves	0.500	8.530	8.030
Net Total	0	(0)	(0)

Dwelling Rents

- 7.2 Rental income is the largest single budget within the HRA and is calculated in accordance with the Rent Standard 2020 as amended by the Rent Standard 2023. This applies to all social landlords including local authorities and Housing Associations.
- 7.3 The Rent Standard 2020 allows all registered providers to increase both social and affordable rent by CPI plus 1%. The CPI is published by the Office of National Statistics (ONS) in the September prior to the year of increase. The Rent Standard 2023 amended this policy for 2023/24 only and after consultation capped the rent increase at 7%.
- 7.4 The Rent Standard 2023 allows registered providers to return to the initial policy and increase rents by CPI plus 1%. The CPI for September 2023 is 6.7% and therefore it is proposed to increase the rents by 7.7%.
- 7.5 Social rents are calculated in accordance with the agreed formula set out in the Rent Standard 2020. The formula rent considers such factors as the national average

rent, the relative earnings of Nottinghamshire the number of bedrooms and the relative property value. The Council operates a policy so where current rents are below formula rent the rents are moved to formula rent when the property is re-let.

- 7.6 The full increase in dwelling rents is essential to ensure the continuing investment in high quality housing services for our tenants. Failure to increase the rents by the statutory amount will not only have a significant impact on income in the current year but also for each year going forward.

Garage Rents

- 7.7 The HRA manages and maintains a total of 3,072 garages at 1st April 2023. It is proposed to increase garage rents by an average 7%. This will increase the average rent per garage from £10.15 to £10.88 per week. The proposed increase has been reflected in the draft budget.

Service Charges to Tenants and Leaseholders

- 78 The schedule of draft service charges is set out in Appendix 4. The level of service charges should be set to enable the full recovery of the cost of providing the service. It is proposed that general service charges are increased by an average 6.7% in line with the September 2023 CPI.

- 7.9 A key feature in the calculation of tenant and leaseholder service charges is that initially they pay for the service based on estimates. Then when the final costs are known their accounts are adjusted accordingly.

Property Maintenance

- 7.10 The repairs and maintenance service is under review through a combination of more effective use of existing resources and additional support to bring in temporary capacity to help deliver transformation. An example of this is within the 2024/25 services plans to review the offer to customers. This is to agree a balance between customer expectations and the Council's regulatory, statutory and landlord obligations.

- 7.11 This approach will be informed by considering the implementation of a dynamic risk assessment of individual properties, against the four decent homes criteria and against the needs of the tenant. This will be underpinned by robust intelligence on property condition and sound judgements on reasons for deterioration against established criteria. This will inform priorities for investment and shape the scope of future work programmes.

- 7.12 This work in 2024 will be engaging with customers to develop the delivery model for the service offer including an option for multi-disciplinary teams rotating on an area-based model. This type of delivery model if adopted would address a wide range of issues highlighted through customer feedback including having a greater visible presence and reducing the volume of jobs needed to be made.

- 7.13 Having a single contact point rather than being passed across different teams within property services, reduces the problem of having no access and ensures appointments are kept. It can provide greater assurance on quality of work and

enable solutions to resolve identified deficiencies within agreed timescales to prevent breaches in our landlord repair obligations and any future disrepair claims.

- 7.14 This type of model would help reduce service demand for reactive repairs and improve understanding for the reasons for deterioration of building elements, components and subcomponents. This area-based preventative and proactive work will highlight issues that need to be addressed and reduce reactive repairs.
- 7.15 This approach to review resources required to support the delivery and reshape the service. It provides a tool to evidence compliance with the required outcomes and specific expectations contained in the Housing Consumer Standards as specified in Social Housing Regulation act 2023. The proposals will be developed with tenants during 2024.
- 7.16 The focus in the first half of 2024/25 will be to address legacy repairs through increased internal capacity and support from two new external contractors.

Management and Supervision

- 7.17 The management of the housing stock was taken back in-house in 2023/24. These costs included tenancy management, rent and service charge collection and other support to tenants. They also include such services as concierge, caretaking, cleaning and ground maintenance. The costs of providing these services have also increased sharply due to inflation and on average budgets have increased by 6% to reflect these pressures. The management and supervision budget also reflects the annual £2.315m refund from the General Fund to the HRA.

General Fund Recharges to the HRA

- 7.18 The core finding of the CIPFA/Penn reviews was that the HRA had been incorrectly recharged by the General Fund for services provided. Following the publication of the review findings, the management response has been to critically assess all services provided by the general fund to the HRA. Each recharge has been reviewed to ensure that the evidence on which it is based is robust and is a justifiable charge to the HRA. The revised recharges have been incorporated in the budget.

Welfare Reform, Rent Arrears and Provision for Bad Debts

- 7.19 The Council continues to monitor closely the impact of welfare reforms, the current cost of living concerns on rent collection and the level of rent and service charge arrears. The level of arrears and the required bad debt provision will continue to be reviewed but the latest estimates show that the current provision is sufficient.

Hardship Payments

- 7.20 As part of the 2023/24 budget process Members approved the creation of a £500k hardship fund to help tenants struggling with increased rent arrears. A hardship panel has been set up to assess claims and approve the writing-off of tenant rent arrears and reduce the risk of them becoming homeless.

Item 8 Debit Interest

- 7.21 Interest is payable on all HRA debt which is split between long-term and short-term. The interest payable all long-term debt is fixed and only changes when debt is refinanced or repaid. The interest charged on all short-term debt is variable and the rate charged reflects the latest market conditions. The current budget reflects the planned repayment of high interest Public Works Loan Board (PWLB) and Lender Options, Borrower Option (LOBO) loans
- 7.22 The amount of interest payable is also dependent on the capital programme and how it is financed. The current capital takes account of the VDRPS and the present moratorium on new borrowing.

Item 8 Credit Interest

- 7.23 Under the Item 8 Debit and Credit Determinations the HRA is allowed to receive interest on all capital receipts and other HRA reserves. The level of reserves is substantial as shown in Table 2 and interest rates have increased due to Bank of England intervention to curb inflation.

Revenue Contributions to Finance Capital Expenditure

- 7.24 The revenue contribution to finance capital expenditure is required where there is a shortfall between the total capital expenditure and the availability of other capital resources. Based on the 2024/25 proposed capital programme, the application of VDRPS and the estimated contribution from reserves, the revenue contribution is £7.2m.

Revenue Growth and Investment Proposals

- 7.25 Set in Appendix 2 is a list of growth, and investment proposals. These revenue proposals are split between non-recurring items which only relate to 2024/25 and recurring items which are incorporated in the base budget for future years.

8. Capital Programme

- 8.1 The Capital Programme can be broken down into two sections:

8.1.1 **Approved Programme** – are schemes where the funding has been secured and the project has been formally approved

8.1.2 **Planned Programme** – where schemes have been approved in principal and the Council is awaiting secured funding followed by a robust investment appraisal

- 8.2 The HRA is asset driven and capital expenditure is essential to maintain decency as well as delivering the remaining approved new energy efficient affordable homes. Table 4 shows the movement in the capital programme since it was approved by full Council in February 2023.

Capital Programme Summary	Capital Programme 2023/24				Total £m
	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	
HRA	65.622	40.043	36.220	0	141.885
Approved Capital Budget	65.622	40.043	36.220	0.000	141.885
Project Slippage / Over & Underspend	(5.869)	4.798	5.778	18.896	23.603
Additions	9.878	6.800	6.800	29.115	52.593
Revised Programme Budget	69.631	51.641	48.798	48.011	218.081
Capital Financing					
Prudential Borrowing	(6.352)	0	0	0	(6.352)
Grants & Contributions	(3.222)	0	0	0	(3.222)
Major Repairs Reserve	(39.252)	(44.115)	(43.863)	(41.202)	(168.432)
Revenue Contributions	(7.200)	(4.734)	(3.180)	(3.180)	(18.294)
Other Capital Receipts	(6.644)	(1.072)	(0.035)	(1.910)	(9.661)
Restricted RTB Receipts	(6.961)	(1.720)	(1.720)	(1.719)	(12.120)
Total Capital Financing	(69.631)	(51.641)	(48.798)	(48.011)	(218.081)

8.3 The delivery of the 2023/24 programme has been significantly impacted by two external contractors (new build and maintenance contractor) going into receivership and the time taken to procure and approve replacement contractors. This has put additional pressure on the reactive repairs service and is a contributory factor into decreasing customers perception of the service as we haven't been able to deliver improvement to homes when we said we would. The budget does not reflect actual identified need within from the stock condition and is representative of a managed approach.

8.4 Included in Table 5 is a list of all planned schemes.

Table 5 Planned Capital Schemes 2024/25 to 2027/28

Programme/Category	Estimate 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Estimate 2027/28 £m	Estimate Total £m
Replacement of fleet Vehicles	0.625	2.500	2.500	1.875	7.500
Replacement of fork lift truck	0.025	0	0	0	0.025
Heating Interface Replacement	0.205	0	0	0	0.205
Oakdene Development	0.424	0	0	0	0.424
Scooter Stores	0.120	0	0	0	0.12
IT Equipment	0.140	0.130	0.130	0	0.400
Feasability Studies	0	2.590	0	0	2.590
Acquisitions	8.600	4.300	4.300	4.300	21.500
Total Capital Growth Bids	10.139	9.520	6.930	6.175	32.764
Financed by:					
Restricted 1-4-1 Receipts	3.610	1.720	1.720	1.720	8.770
Direct Revenue Financing	6.530	7.800	5.210	4.455	23.995
Total Financing	10.139	9.520	6.930	6.175	32.764

Details of the planned schemes can be summarised as follows:

- a. The fleet replacement programme is required to ensure obsolete vehicles are replaced by efficient new vehicles in accordance with agreed programme. The fleet replacement programme is funded from direct revenue contributions.
- b. The forklift truck at the depot is becoming unreliable and requires constant maintenance. The vehicle needs to be replaced to avoid high maintenance costs. The cost of the replacement of such plant and equipment is funded from direct revenue contributions.
- c. Additional provision is required to complete the heating interface replacement programme at HIU Palmer Court. This includes replacing the current system of under-floor heating units which is unpopular with residents at the development. The cost of such improvements will be financed from the major repairs reserve.
- d. The Oakdene development had to be retendered and the second round produced bids which were £0.865m higher than in the original approved budget. These additional costs will be financed by reallocating the budget from projects which were under-spent. The additional costs will be financed 40% from restricted RTB receipts and direct revenue contributions.

- e. It is proposed to restart the acquisitions programme so that restricted RTB receipts can be used. DLUHC have placed a cap on the number of acquisitions that an authority can make in any one year and this is dependent on the number of new-build completions. It is estimated that in 2024/25 the number of acquisitions will be capped at 40. From 2025/26 onwards the capital programme assumes no new build and therefore the number of acquisitions will be restricted to 20 each year. The acquisitions programme will be financed 40% from restricted RTB receipts and direct revenue contributions. This will be subject to a further report to Executive Board.

8.5 Set out in table 5 is the capital programme 2024/25 to 2027/28. A detailed breakdown of each scheme is set out in Appendix 3.

Table 6 Capital MTFP 2024-25 to 2027-28

Programme/Category	Budget 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Estimate 2027/28 £m	Estimate Total £m
Approved Schemes					
Safe	4.107	6.087	6.614	6.841	23.649
Secure Warm & Modern	19.292	22.504	22.689	24.260	88.745
Energy Efficiency	9.079	1.890	1.566	0	12.535
Older People	1.289	0	0	0	1.289
Decent Neighbourhoods	3.250	6.605	5.964	5.700	21.519
Existing Stock Investment	3.937	2.900	2.900	2.900	12.637
Build a Better Nottingham	16.230	0	0	0	16.230
Adaptations	2.310	2.135	2.135	2.135	8.715
Total Approved Schemes	59.493	42.121	41.868	41.836	185.318
Planned Schemes	10.138	9.520	6.930	6.175	32.763
Total Capital Programme	69.631	51.641	48.798	48.011	218.081
Capital Financing					
Prudential Borrowing	(6.352)	0	0	0	(6.352)
Grants & Contributions	(3.222)	0	0	0	(3.222)
Major Repairs Reserve	(39.252)	(44.115)	(43.863)	(41.202)	(168.432)
Revenue Contributions	(7.200)	(4.734)	(3.180)	(3.180)	(18.294)
Other Capital Receipts	(6.644)	(1.072)	(0.035)	(1.910)	(9.661)
Restricted RTB Receipts	(6.961)	(1.720)	(1.720)	(1.719)	(12.120)
Total Capital Financing	(69.631)	(51.641)	(48.798)	(48.011)	(218.081)

8.6 The draft estimate reflects ongoing investment in existing Council dwellings as well as the delivery of new affordable homes under the “Build a Better Nottingham” programme. Schemes under this programme can be 40% funded by restricted RTB receipts.

- a. The increase in the Safe, Secure and Warm programmes reflect the recent legislation regarding the building and fire safety standard. The Fire Safety Regulations 2022 make it a legal requirement from the 23 January 2023 that all registered providers of high-rise residential buildings in England provide their

local Fire & Rescue services with information regarding the design and materials used in external walls.

- b. The statutory fire risk assessment and the necessary investment to remove and replace non-compliant materials will have a significant impact on the medium-term capital programme. The assessment is ongoing and estimates will be refined as the full extent of the risks are known.
- c. Built into the current Energy Efficiency programme is the investment in decarbonisation. Successful funding bids to the Governments Social Housing Decarbonisation Fund (SHDF) has enabled the scope of the planned investment programme to be optimised into to a whole retrofit programme. The current Wave 2 schemes is due to end in 2024/25.
- d. As part of the SHDF Wave 2 grant funding the Council as the accountable body has entered a Memorandum of Understanding (MOU) with the Department of Energy Security and Net Zero (DESNZ). The MOU sets out the conditions that the Council must adhere to when it accepts the grant including monthly invoicing and reporting requirements.
- e. It can be seen from Appendix 3 that there are no approved schemes in the Build a Better Nottingham Programme for 2025/26 and subsequent years. This programme is designed to provide the Council's new build developments along with any other acquisitions. All new build schemes and acquisitions can be 40% restricted RTB receipts.

Right to Buy Receipts

- 8.7 The current reinvigorated RTB regime started in 2012/13 and set out in Table 7 is the receipts received and used up until 30 December 2023.

Table 7
RTB Receipts Received and Used to 31/12/2023

Year	Number of Sales Nos	Balance b/f £m	Receipts Received £m	Receipts Used £m	Balance c/f £m
2012/13	134	0	(1.190)	0.247	(0.943)
2013/14	154	(0.943)	(1.363)	1.799	(0.507)
2014/15	217	(0.507)	(2.505)	0.784	(2.228)
2015/16	362	(2.228)	(4.693)	0.075	(6.846)
2016/17	276	(6.846)	(3.819)	3.782	(6.882)
2017/18	438	(6.882)	(8.295)	4.543	(10.634)
2018/19	346	(10.634)	(6.821)	2.024	(15.431)
2019/20	247	(15.431)	(4.877)	3.719	(16.590)
2020/21	173	(16.590)	(2.856)	4.436	(15.010)
2021/22	232	(15.010)	(5.387)	4.620	(15.777)
2022/23	358	(15.777)	(13.415)	5.661	(23.531)
2023/24 to Dec'23	196	(23.531)	(8.123)	6.905	(24.750)
Totals	3133		63.343	38.594	

- 8.8 The receipts received in 2022/23 are significantly higher than in previous years not only because of the increased number of sales but in March 2023 the Department of Levelling Up, Housing and Communities (DLUHC) notified all local authorities that for 2022/23 and 2023/24 only they could retain the Treasury Share of the RTB receipts. The annual Treasury Share for the City Council is £2.083m.
- 8.9 Local authorities have 5 years in which to spend their restricted RTB receipts and set out in Table 9` is the target expenditure each year based on the capital receipt already received up until 2022/23.

Table 8

Approved Schemes Compared with Targeted CAPEX

Description	Estimate 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Estimate 2027/28 £m
CAPEX in Excess of Target Brought Forward	(30.485)	(35.695)	(32.855)	(23.688)
Target CAPEX for year	12.193	7.140	13.467	33.537
Estimate Approved Schemes	(17.404)	(4.300)	(4.300)	(4.300)
CAPEX in Excess of Target Carried Forward	(35.695)	(32.855)	(23.688)	5.549

- 8.10 It can be seen from Table 8 that as at 1 April 2024 actual capital expenditure will be £30.485m ahead of the Government's target for expenditure on the replacement of affordable homes. The approved schemes in 2024/25 will exceed the Government's target but going forward the lack of affordable schemes will mean that the Council will not meet the target in 2027/28. This means that the Council will have to pay back the receipts to the Government.
- 8.11 Interest is charged on the late repayment of RTB receipts at 4% above bank rate compounded annually. The bank rate is currently 5.25% which means that if the receipts are not repaid until the end of the five-year period the interest paid is considerable. It is therefore recommended that the Council does not accept the Government's offer to retain the Treasury Share and repay the 2022/23 element.

Unrestricted RTB Receipts

- 8.12 There is an element of the RTB receipts which are not restricted and can be used for any capital purpose or repay debt. Set out in Table 10 is an estimate of the unrestricted RTB receipts which will accumulate because of the RTB sales. It is assumed that all unrestricted receipts will be used to repay debt of finance the capital programme.

Table 9
Use of Unrestricted RTB Receipts

Unrestricted RTB Receipts	Estimate 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Estimate 2027/28 £m
Balance as at 1st April	0.00	0.00	0.00	0.00
Unrestricted Receipts Received	(4.333)	(4.401)	(4.469)	(4.538)
Receipts used to repay debt	4.333	4.401	4.469	4.538
Balance as at 31st March	0.00	0.00	0.00	0.00

9 Level of HRA Working Balances

- 9.1 A prudent level of working balances along with the appropriate application of HRA reserves should be part of the budget setting process. Section 25 of the Local Government Act 2003 places a duty on the Section 151 Officer to report on the adequacy of general and earmarked reserves.
- 9.2 The Corporate Director of Finance and Resources has reviewed the level of working balances and recommends that it remains at £10m which approximately 10% of rental income. It can be seen from Table 10 that the working balance remains at £10m with any surpluses credited to general HRA reserves. 9.3 The minimum level of working balance is in place to cope with unpredictable circumstances which cannot be addressed by management and policy action within the year.

Table 10
HRA Working Balance 2024/25 to 2027/28

HRA WORKING BALANCES	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m	Budget 2027/28 £m
Balance Brought Forward - 1st April	(10.000)	(10.000)	(10.000)	(10.000)
Contributions to the Working Balance	-	-	-	-
Contributions from the Working Balance	-	-	-	-
Balance Carried Forward - 31st March	(10.000)	(10.000)	(10.000)	(10.000)

Other options considered in making recommendations

10. Consideration of Risk

Risk comments are contained within the body of the report, details of specific risks and robustness of the budget and adequacy of reserves are shown in the Appendices. Inflationary pressures cannot be foreseen at this time due to the volatility of the market.

11. Equality Impact Assessment

A high level view was undertaken but a detailed EIA will be undertaken as part of

the service delivery of the budget before implementation of the increase in rent and service charges. As part of the high level review, mitigations will include the Hardship Fund and support through the Tenancy sustainment team to discuss affordability with tenants.

12. Best Value Considerations, including consideration of Make or Buy where appropriate

Value for money is considered throughout the budget process in identifying budget savings and minimising growth items.

13. Finance colleague comments (including implications and value for money/VAT)

The financial implications are set out in full in the body of the report.

14. Legal comments

The body of the report alludes to the relevant legislative framework underpinning the proposed recommendations. In all other regards the report raises no significant legal issues.

Malcolm R. Townroe – Director of Legal and Governance – 28 December 2023

15. Procurement comments

Not applicable

16. Crime and Disorder Implications (If Applicable)

Not applicable

17. Social value considerations (If Applicable)

Not applicable

18. Data Protection Impact Assessment

Not applicable

MOVEMENT IN HRA RESERVES AND WORKING BALANCES

APPENDIX 1

Major Repairs Reserve 2024/25 to 2027/28

HRA RESERVES	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m	Budget 2027/28 £m
Balance Brought Forward - 1st April	(37.638)	(26.114)	(15.278)	(8.704)
Major Repairs Contributions - Depreciation	(30.427)	(34.279)	(37.289)	(38.817)
Voluntary Repayment of Debt	2.699	1.000	0	0
Used to Finance CAPEX	39.252	44.115	43.863	41.202
Balance Carried Forward - 31st March	(26.114)	(15.278)	(8.704)	(6.319)

Lift Replacement Reserve 2024/25 to 2027/28

HRA RESERVES	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m	Budget 2027/28 £m
Balance Brought Forward - 1st April	(0.186)	(0.186)	(0.186)	(0.186)
Contributions to the Reserve	0	0	0	0
Contributions from the Reserve	0	0	0	0
Balance Carried Forward - 31st March	(0.186)	(0.186)	(0.186)	(0.186)

Pre Start Reserve 2024/25 to 2027/28

HRA RESERVES	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m	Budget 2027/28 £m
Balance Brought Forward - 1st April	(0.266)	(0.266)	(0.266)	(0.266)
Contributions to the Reserve	0	0	0	0
Contributions from the Reserve	0	0	0	0
Balance Carried Forward - 31st March	(0.266)	(0.266)	(0.266)	(0.266)

HRA General Reserve 2024/25 to 2027/28

HRA RESERVES	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m	Budget 2027/28 £m
Balance Brought Forward - 1st April	(52.764)	(61.294)	(76.904)	(94.445)
Contributions to the Reserve	(8.530)	(15.610)	(17.540)	(19.391)
Contributions from the Reserve	0	0	0	0
Balance Carried Forward - 31st March	(61.294)	(76.904)	(94.445)	(113.835)

HRA Total Reserves 2024/25 to 2027/28

HRA RESERVES	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m	Budget 2027/28 £m
Balance Brought Forward - 1st April	(90.854)	(87.860)	(92.634)	(103.601)
Contributions to the Reserve	(38.957)	(49.889)	(54.829)	(58.208)
Contributions from the Reserve	41.951	45.115	43.863	41.202
Balance Carried Forward - 31st March	(87.860)	(92.634)	(103.601)	(120.606)

Check

- 87.860 - 92.634 - 103.601 - 120.606

HRA Working Balance 2024/25 to 2027/28

HRA WORKING BALANCES	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m	Budget 2027/28 £m
Balance Brought Forward - 1st April	(10.000)	(10.000)	(10.000)	(10.000)
Contributions to the Working Balance	0	0	0	0
Contributions from the Working Balance	0	0	0	0
Balance Carried Forward - 31st March	(10.000)	(10.000)	(10.000)	(10.000)

MTFP Sub-Category	Narrative	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Investment - Existing service plan	Maintenance of HRA Land Assets database	275,000	25,000	0	0
Pressure - Expenditure	Health & Safety Adviser	46,767	0	0	0
Pressure - One-off costs	Extension of 3 Lettings Officer	95,770	-95,770	0	0
Pressure - One-off costs	Funding of Council Tax burden linked to voids	140,000	-140,000	0	0
Investment - Existing service plan	Predicted Modelling Tool	98,534	0	0	0
Pressure - One-off costs	Procurement of NIMBUS maintenance	80,000	-80,000	0	0
Investment - Existing service plan	Powered Respirators	64,020	-40,020	0	0
Investment - Existing service plan	Replacement of Power Tools	257,500	0	-240,000	0
Investment - Existing service plan	Compliance with decent homes standard	3,600,000	0	1,200,000	1,200,000
Investment - Existing service plan	Development of a policy framework for TSM Survey	92,000	-92,000	0	0
Investment - Existing service plan	Tenant Participation - engagement of recognised excellence in housing group	30,000	-30,000	0	0
Investment - Existing service plan	Tenancy fraud - appointment of fraud expert	60,000	-60,000	0	0
Investment - Existing service plan	Options development to identify 'Hidden Homes'	50,000	-50,000	0	0
Investment - Existing service plan	Additional capacity to reduce housing disrepair	100,000	-100,000	0	0
Investment - Existing service plan	Additional capacity of out of hours service	30,000	-30,000	0	0
Pressure - Expenditure	Unavoidable costs for staff paid higher than NCC terms	435,000	0	0	0
Pressure - Expenditure	Recording of tenant death with Court of Public Trustees	25,000	0	0	0
Pressure - Expenditure					
Pressure - Expenditure	Hardship Fund	500,000	500,000	500,000	500,000
	Sub-total	5,979,591	-192,790	1,460,000	1,700,000
Investment - New service plan	Software package to improve verification of rent increases	35,000	-20,000	0	0
Pressure - Expenditure	Investment in wearable device for all trades persons	84,000	-70,000	0	0
Pressure - Expenditure	Investment in RAM software to access trade manuals via tablet devices	16,459	-9,959	0	0
Pressure - Expenditure	Investment in software to provide access to H&S records	7,000	1,240	247	0
Investment - Existing service plan	Compliance software to reduce reliance on manual collation of records	26,000	0	0	0
Pressure - Expenditure	Health & Safety software	168,459	-98,719	247	0
Pressure - Expenditure	Additional staffing capacity in ICT Housing Management	25,370	0	0	0
Pressure - Expenditure	Annual subscription to British Standards compliance membership	4,426	0	0	0
Pressure - Expenditure	Compliance with Control of Substances Hazardous to Health Regulations 2002	4,200	0	0	0
Pressure - Expenditure	Replacement of current Harness Kits	23,716	-23,716	0	0
Pressure - Expenditure	Uplift in annual subscription cost for Home Swapper	2,700	0	0	0
Pressure - Expenditure	Budget uplift for employee DSE eye test	9,000	0	0	0
Pressure - Expenditure	Other growth elements to support service improvement	69,412	-23,716	0	0
	Overall Growth Requirement	6,217,462	-315,225	1,460,247	1,700,000

Programme/Category	Draft Estimate 2024/25 £m	Draft Estimate 2025/26 £m	Draft Estimate 2026/27 £m	Draft Estimate 2027/28 £m	Draft Estimate Total £m
APPROVED SCHEMES					
Safe					
City Wide CCTV / Door Entry Imp	0.600	1.000	1.183	1.725	4.508
Fire Alarm Installations	0.203	0.187	0.189	0.444	1.024
Asbestos Works	0.284	0.258	0.258	0.250	1.050
Lift Replacement Programme	0.215	0.170	0.025	0.025	0.435
Radon Awareness	0.074	0	0	0	0.074
Low Rise Sprinkler Systems	0.044	0	0	0	0.044
Structural Surveys & Rectification Works	0.064	0.050	0.050	0.050	0.214
Renew Bin Store/Refuse Chute	0.176	0.200	0.200	0.200	0.776
Management Fee - Safe	0.196	0.290	0.315	0.325	1.126
CO Detector Installation	0.101	0	0	0	0.101
Building Safety works - surveys / urgent	0.700	1.469	1.300	1.000	4.469
Damp & Mould	0.700	0.966	0.966	0.968	3.600
Positive Input Ventilation	0.050	0.100	0.125	0.125	0.400
Smoke Alarms	0.200	0.897	0.903	0.903	2.903
PV Invertor Replacement	0.500	0.500	1.100	0.825	2.925
Total Safe	4.107	6.087	6.614	6.841	23.649
Secure Warm & Modern					
Nottingham Secure - Windows	1.500	3.000	2.783	2.780	10.063
Nottingham Secure - Doors	0.912	0.737	0.750	1.000	3.399
Modern Living Outsourcing	2.500	3.700	3.700	3.700	13.600
Modern Living CR&M	1.200	0	0	0	1.200
Heating (Stream 2) CR&M	3.661	4.000	4.000	4.000	15.661
Roof & Chimney Replacement Outsourcing	4.000	4.750	4.750	4.750	18.250
Externals (Properties)	1.500	3.245	3.626	4.875	13.246
External Fabric A	1.800	1.800	1.800	1.800	7.200
External Fabric Highrise Living	1.000	0	0	0	1.000
Stock Condition Surveying	0.300	0.200	0.200	0.200	0.900
Management Fee - Secure and Warm	0.919	1.072	1.080	1.155	4.226
Total Secure Warm & Modern	19.292	22.504	22.689	24.260	88.745
Energy Efficiency Fuel Poverty					
External & Solid Wall Insulation	0.000	1.491	1.491	0.000	2.982
Pigeon Proofing HRA Solar Panels	0.250	0.309	0	0	0.559
Colwick Woods Court (Social Housing Decarb)	3.738	0	0	0	3.738
Social Housing Decarbonisation 2.1	1.101	0	0	0	1.101
Social Housing Decarbonisation 2.2	3.559	0	0	0	3.559
Management Fee - Energy	0.432	0	0.075	0	0.597
Total Energy Efficiency Fuel Poverty	9.079	1.890	1.566	0	12.535
Modern Houses for Older People					
Independent living Re-Design	1.228	0	0	0	1.228
Management Fee - Older People	0.061	0	0	0	0.061
Total Modern Houses for Older People	1.289	0	0	0	1.289
Decent Neighbourhoods					
New Area Capital Fund A1	1.000	2.061	1.609	1.668	6.338
Estate/Area Impact works	1.120	2.217	2.200	2.000	7.537
Paving Works - AREA COMMITTEE SCHEMES	0.375	0.324	0.315	0.300	1.314
Garage / Outbuilding Delivery	0.400	1.108	1.042	0.946	3.496
Non Dwelling HRA Assets	0.200	0.580	0.515	0.515	1.810
Management Fee - Decent Neighbourhoods	0.155	0.315	0.283	0.271	1.024
Total Decent Neighbourhoods	3.250	6.605	5.964	5.700	21.519
Existing Stock Investment					
Major Void Works - CR&M	2.630	2.400	2.400	2.400	9.830
Fire Damaged Properties - CR&M	0.375	0.500	0.500	0.500	1.875
Sutton House - Refurbishment	0.655	0	0	0	0.655
Sutton House - Decommissioning	0.244	0	0	0	0.244
Management Fee - Existing Stock	0.033	0	0	0	0.033
Total Existing Stock Investment	3.937	2.900	2.900	2.900	12.637
Building A Better Nottingham					
Oakdene - Demolition & New build	3.940	0	0	0	3.940
Eastglade New Build	4.440	0	0	0	4.440
Bespoke Accommodation	0.058	0	0	0	0.058
Padstow Ridgeway New Build	3.014	0	0	0	3.014
Beckhampton Redevelopment	3.455	0	0	0	3.455
Woodlands Conversion	0.354	0	0	0	0.354
Next Steps Accommodation	0.455	0	0	0	0.455
Management Fee - Regeneration Prog	0.513	0	0	0	0.513
Total Building A Better Nottingham	16.230	0	0	0	16.230
Other Schemes					
Sanctuary Project	0.035	0.035	0.035	0.035	0.140
Adaptations For Disabled Persons	0.731	0.731	0.731	0.731	2.924
Adaptations For Disabled Persons - CR&M	1.444	1.269	1.269	1.269	5.251
PAD	0.100	0.100	0.100	0.100	0.400
Total Other Schemes	2.310	2.135	2.135	2.135	8.715
SUB TOTAL - APPROVED SCHEMES	59.493	42.121	41.868	41.836	185.318
Planned Schemes					
Acquisition of Fleet & annual replacement	0.625	2.500	2.500	1.875	7.500
Replacement Fork Lift Truck	0.025	0	0	0	0.025
Heating Interface Replacement Prog	0.205	0	0	0	0.205
Oakdene	0.423	0	0	0	0.423
Acquisitions	8.600	4.300	4.300	4.300	21.500
Scooter Stores	0.120	0	0	0	0.120
IT Equipment	0.140	0.130	0.130	0	0.400
Feasability Studies	2.590	0	0	0	2.590
Total Planned Schemes	10.133	9.520	6.930	6.175	32.763
Total Housing Capital Programme	69.631	51.641	48.798	48.011	218.081

Proposed Changes to Service Charges 2024/25

Appendix 4

Weekly Service Charge (over 50 weeks)			
Service	Current 2023/24 £	Proposed 2024/25 £	Increase £
Block Maintenance	5.02	5.36	0.34
Caretaking	7.34	7.83	0.49
Cleaning Service	5.38	5.74	0.36
Communal lighting	2.48	2.65	0.17
Communal TV Aerial Maintenance	0.12	0.13	0.01
Driveway (additional)	6.56	7.00	0.44
Estate Maintenance	4.72	5.04	0.32
Security (CCTV)	6.61	7.05	0.44
Independent Living Charges Dependent Living Charges (over 50 weeks)			
Service Provided	Current 2023/24 £	Proposed 2024/25 £	Increase £
Independent Living	3.83	4.09	0.26
Intensive Housing Management (IHM)	13.71	9.52	0.92
Independent Living Facilities Management charge (no IHM)	4.79	5.11	0.32
Emergency / Care Alarm	3.25	3.47	0.22
"I'm OK" system (eligible)	6.18	6.59	0.41
"I'm OK" system (ineligible)	1.69	1.80	0.11
Scooter storage	1.28	1.37	0.09
Laundry facilities	1.56	1.66	0.10
ILS Scheme (Block) Maintenance	1.85	1.97	0.12
ILS Scheme (Estate) Maintenance	1.79	1.91	0.12
ILS Grander Designs	1.45	1.55	0.10
Scheme Specific Charges (over 50 weeks)			
Foxton Gardens: Service Charges			
One bed	25.99	27.73	1.74
Two bed			
Foxton Gardens: Water			
One bed	3.66	3.91	0.25
Two bed	5.08	5.42	0.34
Foxton Gardens: Heating			
One bed	20.97	22.37	1.40
Two beds	27.26	29.09	1.83
Wynwood: Extra Care Charge	36.78	39.24	2.46
Communal Heating	6.42	6.85	0.43
Sutton House: Heating	13.01	13.88	0.87

This page is intentionally left blank

Subject:	Nottingham City Council Concessionary Travel Scheme Arrangements 2024-25
Corporate Director(s)/Director(s):	Sajeeda Rose, Corporate Director for Growth and City Development
Portfolio Holder(s):	Cllr Angela Kandola, Portfolio Holder for Highways, Transport and Planning
Report author and contact details:	James Howe james.howe@nottinghamcity.gov.uk and mob. 07960 199 657
Other colleagues who have provided input:	
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure: <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date:	
Total value of the decision: £10.08m	
Section 151 Officer expenditure approval Has the spend been approved by the Section 151 Officer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/a Spend Control Board approval reference number: 4532	
Wards affected: No Nottingham City Council Wards are directly affected.	
Date of consultation with Portfolio Holder(s):	
Relevant Council Plan Key Outcome:	
Green, Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Living Well in our Communities	<input type="checkbox"/>
Keeping Nottingham Moving	<input checked="" type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input type="checkbox"/>
Serving People Well	<input type="checkbox"/>
<p>The Nottingham Concessionary Travel Scheme is made up of statutory and discretionary elements.</p> <p>Concessions must be provided on bus services under the statutory English National Concessionary Travel Scheme (ENCTS), which guarantee free off-peak local travel to eligible older and disabled people anywhere in England. Off-peak is defined as between 9.30am and 11.00pm on weekdays and anytime at weekends and bank holidays.</p> <p>There are also discretionary elements in the Scheme, as follows;</p> <ol style="list-style-type: none"> free travel on the tram during the same period as per the English National Concessionary Travel Scheme conditions (weekdays 9:30am to 11:00pm and all day at weekends and on 	

bank holidays);

2. a companion travel facility attached to passes issued for certain disabilities and;
3. free travel on the bus or tram for disabled city residents before 9:30am on weekdays, from start of service. The free travel before 9:30am on weekdays is funded using Bus Services Improvement Plan funding provided directly by the government until March 2025.

The report seeks approval for the Nottingham Concessionary Travel Scheme for 2023/24, and to publish the Scheme, which it is required to do by 3rd March 2024, 28 days prior to the Scheme commencing from 1 April 2024.

Under the draft legislation for the East Midlands County Combined Authority (EMCCA), powers for statutory and discretionary concession schemes will be concurrent between the new Authority and the constituent Authorities. To ensure that clear arrangements are put in place across all public transport functions, the legislation also allows for a two-year transition period up to April 2026. The detailed arrangements for transferring functions, including timescales and funding allocations, and the arrangements in particular for discretionary concessions schemes, are currently being worked through, and this may lead to the Nottingham Concessionary Travel Scheme being amended during 2024/25. Updates will be provided to the Board as required.

Ahead of publishing the Scheme, the Council is required to agree reimbursement arrangements with the five local bus operators and tram operator to cover each operator's loss of fares revenue, based on guidance from the Department for Transport (DfT). A review of the guidance has recently been undertaken by DfT as datasets and methodologies used are very dated and travel habits/demands post COVID had also changed.

The actual costs for the scheme in 2024/25 will be determined through historic passenger data, final reimbursement arrangements with operators and actual travel demand. However, the significant changes made to the new calculator suggest that urban areas could see a 20-21% increase in the reimbursement rate, compared to only 4% for rural areas. Nottingham has also seen passenger numbers recover quicker than many other areas, with concessionary pass holder trips up to around 82% of pre pandemic levels. A combination of these factors means the financial impact for Nottingham will be higher than for most other Authorities.

The estimated impact of the new calculator and guidance is to increase the annual concessions cost by approximately £1.705m. The DfT has advised that no additional funding is being provided to transport authorities to support the expected cost increases, and so lobbying is underway both directly and through the Urban Transport Group (which represents the larger cities on transport issues) to secure government funding support to cover this additional cost.

Does this report contain any information that is exempt from publication?

No.

Recommendation(s):

- 1 To approve the Nottingham Concessionary Travel Scheme (NCTS) for 2024/2025, and the publication of the final scheme statutory notice on 3 March 2024.
- 2 To approve the following additional discretionary elements of the scheme from April 2024;
 - a. free travel on the tram by city residents that possess a valid City Council issued concessionary travel pass and;
 - b. the companion facility attached to passes issued for certain disabilities.

- 3** To grant delegated authority to the Corporate Director for Growth and City Development, in consultation with the Portfolio Holder for Highways, Transport and Planning to;
- a. agree reimbursement arrangements and associated financial commitments for statutory and discretionary concessionary fare payments for 2024/25 and;
 - b. review discretionary elements of the scheme throughout 2024/25 as part of the transitioning process to a new East Midlands Combined County Authority.

1. **Reasons for recommendations**

- 1.1 The recommendations ensure that the Council meets its statutory duty in relation to concessionary fares.
- 1.2 Removing the free tram travel concession is not recommended as it is particularly well suited for travel by people with mobility difficulties as it is designed to offer fully accessible trams and stops. Removal would also mean that a large number of residents would not have a public transport service within walking distance on which they could use their concessionary card. These restrictions would not align with Nottingham's strategic aims in its commitment to provide access for people with disabilities.
- 1.3 Removing companion travel is not recommended as it ensures that residents who cannot travel alone are able to use public transport, and removal of this benefit would create barriers to travel and potentially result in vulnerable people being isolated.

2. **Background (including outcomes of consultation)**

Strategic background

- 2.1 The aim of the Council's Local Transport Plan is to deliver a world-class, low carbon, sustainable transport system for Nottingham, to support the local economy, enable growth and help to meet the Council's CN28 objectives. In 2021, the National Bus Strategy was published, and it set out the Government's vision for improving bus services in England, outside London, through greater local leadership, to reverse the recent shift in journeys away from public transport and encourage passengers back to using the bus.
- 2.2 To help achieve the aims of the national strategy, a Greater Nottingham Bus Services Improvement Plan (BSIP) was finalised and supported with a financial package of £12m provided by Government. Further BSIP funding has since been awarded, taking the total package up to nearly £15m. An Enhanced Partnership Scheme (approved by Executive Board in June 2022) was set up with local bus operators to help identify, deliver, and monitor the key objectives of the Plan, which includes several key initiatives and projects.
- 2.3 The East Midlands Combined County Authority (EMCCA) will be established in 2024-25, with a Mayor expected to be elected in May 2024. The government has announced that the new Authority will have access to £1.5bn to fund sustainable transport improvements and this will help to grow public transport attractiveness in the future, contributing to the Council's objectives to grow the economy and meeting its CN28 ambitions.

Concessionary scheme requirements

- 2.4 Nottingham City Council is a Travel Concession Authority (TCA) for the purposes of mandatory bus concessions for older and disabled people. Travel Concession Authorities are required to implement the mandatory travel concessions set out in the Transport Act 2000 and under the English National Concessionary Travel Scheme (ENCTS), which guarantee free off-peak local bus travel to eligible older and disabled people anywhere in England. Off-peak is defined as between 9.30am and 11.00pm on weekdays and anytime at weekends and bank holidays.
- 2.5 The publication requirements set out in section 150 of the Transport Act 2000 require details of the proposed arrangements, or variations to the proposed arrangements, for the mandatory scheme to be published at least four months before coming into operation. Publication includes sending copies to the relevant operators, which the Council has completed. The final scheme statutory notice then needs to be finalised and published by 3 March 2024, 28 days prior to the scheme commencing from 1st April 2024. This notice should include the final scheme entitlements and reimbursement arrangements.
- 2.6 Section 149 Transport Act 2000 also imposes a duty on the Council to reimburse operators providing such concessionary travel; the proposal will, subject to budget approval, allow the Council to meet this statutory duty. TCAs receive funding from central government via the Local Government Finance Settlement (LGFS) as a contribution towards this statutory duty. The manner in which reimbursement will be calculated also follows Secretary of State guidance. This is particularly important as reimbursement will follow the principle that operators should be left 'no better and no worse off' as a result of the operation of the scheme. This will mean that the payment will not constitute a subsidy for the purposes of the Subsidy Control Act 2022.

Discretionary elements of scheme and formation of Combined Authority

- 2.7 The Council provides a range of concessionary travel benefits for Nottingham's elderly and disabled residents, enabling those residents to access work, training, health, shopping, and leisure facilities as part of the wider strategic vision.
- 2.8 In addition to the statutory scheme, the Council, at its own discretion, provides discretionary elements using powers set out in the Transport Act 1985. There are currently three additional travel entitlements for eligible residents.
- 2.9 Free off-peak travel on the tram network is provided, at the same times as on local bus services, between 9.30am and 11.00pm on weekdays and anytime at weekends and bank holidays. Free travel on the tram is non-statutory because it is not included in English National Concessionary Fare Scheme legislation. The estimated cost to reimburse Tramlink in 2024/25 is up to £1.233m.
- 2.10 The Council also funds a companion pass for eligible residents who are blind, have a severe walking disability or a severe learning disability and would have difficulty travelling alone. The pass allows one additional person to travel with the pass holder at the same discounted rate for all journeys commencing within the city boundary. This additional discretionary concession is estimated to cost the Council £0.070m in 2024/25.

2.11 Free travel is also provided on the bus or tram for disabled city residents before 9:30am on weekdays, from start of service. The free travel before 9:30am on weekdays is funded using Bus Services Improvement Plan funding provided directly by the government until March 2025

2.12 Under the draft legislation for the EMCCA, powers for statutory and discretionary concession schemes will be concurrent between the new Authority and the constituent Authorities. To ensure that clear arrangements are put in place across all public transport functions, the legislation also allows for a two-year transition period up to April 2026. The detailed arrangements for transferring functions, including timescales and funding allocations, and the arrangements for discretionary concessions schemes, are currently being worked through, and this may lead to the Nottingham Concessionary Travel Scheme being amended during 2024/25, with updates provided to the Board as required.

Revised DfT guidance on reimbursement

2.13 Ahead of 3 March 2024, the Council is required to agree reimbursement arrangements with the five local bus operators and tram operator to cover each operator's loss of fares revenue. The Department for Transport issues annual Concessionary Fares Reimbursement guidance to assist with the calculation of reimbursement due to the operator based on actual trips made, and the underlying principle of the calculation is to ensure that each transport operator is "no better or no worse off" as a result of carrying the concessionary passengers.

2.14 The Department for Transport undertook a thorough review of the reimbursement guidance and calculator tool this year as the datasets and methodologies used are very dated and travel habits/demands post COVID had also changed, leading operators to highlight a concern that they have been under-reimbursed.

2.15 The actual costs for the scheme in 2024/25 will be determined through historic passenger data, final reimbursement arrangements with operators and actual travel demand. However, the significant changes made to the new calculator suggest that urban areas could see a 20-21% increase in the reimbursement rate, compared to only 4% for rural areas. Nottingham has also seen passenger numbers recover quicker than many other areas, with concessionary pass holder trips up to around 85% of pre pandemic levels, and this will further increase the costs of Concessionary Fares reimbursement. A combination of these factors means the financial impact for Nottingham will be higher than for most other Authorities.

2.16 The estimated impact of the new calculator and guidance is to increase the annual concessions cost by up to approximately £1.705m. The DfT has advised that no additional funding is being provided to transport authorities to support the expected cost increases, and so lobbying is underway both directly and through the Urban Transport Group (which represents the larger cities on transport issues) to secure government funding support to cover this additional cost.

3. **Other options considered in making recommendations**

- 3.1 No other options are available for the national scheme as the provision of concessionary travel for elderly and disabled people is a statutory duty.
- 3.2 Consideration was given to removing the free tram travel benefit for city resident concessionary pass holders and the companion facility attached to passes issued to city residents with certain disabilities. If the tram was excluded from the concessionary travel scheme there would be a large migration from tram to bus as Nottingham residents would most likely have a local bus service available as an alternative option to the tram, meaning there would still be a considerable cost to the Council. There would also be a loss of accessibility for the elderly and for people with mobility difficulties. NET is particularly well suited for travel by people with mobility difficulties as it is designed to offer fully accessible trams and stops. Trams are 100% low floor throughout with level boarding at stops. Removal would also mean that a large number of residents would not have a public transport service within walking distance on which they could use their concessionary card. These restrictions would not align with Nottingham's strategic aims. The companion card ensures that residents who cannot travel alone are able to use public transport, and removal would create barriers to travel and potentially result in vulnerable people being isolated.
- 3.3 Notwithstanding the above, the Council has committed to review its discretionary concessionary travel offer in conjunction with the wider region and emerging Combined Authority to ensure consistency of approach. This could lead to changes during to the Scheme arrangements due to be published in March, with updates provided to the Board as required.

4. **Consideration of Risk**

- 4.1 The cost of the scheme is budgeted to be £10.08m in 2024/25. The final costs will be subject to a number of factors, including actual demand for travel on public transport services during the financial year, fares increases and inflation or deflation. Patronage data will be closely monitored and any variation to predicted costs will be reported.

5. **Please detail how best value is demonstrated including consideration of the following:**

- DIY- do it yourself through redesign
- BIY- buy it yourself e.g. procurement
- BIWO- buy it with others- joint procurement
- DIWO- do it with others e.g. shared services/ partnerships with local authorities
- DIFO – do it for others- trading and income enhancement
- EO- enable others
- REDUCE- service standards commensurate with affordability
- STOP

- 5.1 Reimbursement payments to operators are calculated using DfT issued guidance to help ensure that payments are calculated appropriately. Consideration was given to discontinue funding free tram travel and the companion facility attached to certain disabled persons' passes. This is not recommended for the reasons outlined in paragraph 3.2.

6. Finance colleague comments (including implications and value for money/VAT)

- 6.1 £10.08m is the current estimated cost for the Nottingham Concessionary fares Travel Scheme in the 24/25 Financial Year, Based on the latest patronage model. A significant change to the previous years due to Reimbursement rates increase as detailed in (2.11) above. This is an increase of £1.705m from the in-year forecast of £8.375m (for 23/24 financial year). The budget currently stands at £8.6m.
- 6.2 The amounts paid out for Concessionary Fare reimbursement in 24/25 will be monitored and any variation to budget will need to be included in the monthly forecast reports, with any ongoing impact included within future MTFPs.
- 6.3 The amounts identified within the report are included within these figures.

Paul Rogers – Finance Business Partner (G&CD) 03/01/2023

7. Legal colleague comments

- 7.1 The proposal in this report seeks approval and publication of the Nottingham Concessionary Travel Scheme for 2024/25, approval to continue with the existing discretionary elements of the scheme and to delegate authority to the Corporate Director for Growth and City Development, in consultation with the Portfolio Holder for Highways, Transport & Planning, to agree financial reimbursement to travel operators.
- 7.2 Nottingham City Council is a Travel Concession Authority for the purposes of mandatory bus concessions for older and disabled people. Travel Concession Authorities are required to implement the mandatory travel concessions set out in the Transport Act 2000, which guarantee free off-peak local bus travel to eligible older and disabled people anywhere in England. Off-peak is defined as between 9.30am and 11pm on weekdays and anytime at weekends and bank holidays.
- 7.3 Specifically, the Council has a statutory duty to offer concessions for prescribed bus journeys starting in its area between designated times by the s145A Transport Act 2000. The proposal will, subject to budget approval, allow the Council to meet this statutory duty. The proposal also follows Secretary of State for Transport guidance, which the Council are required to have regard to.
- 7.4 Section 149 Transport Act 2000 also imposes a duty on the Council to reimburse operators providing such concessionary travel; the proposal will, subject to budget approval, allow the Council to meet this statutory duty. The manner in which reimbursement will be calculated also follows Secretary of State for Transport guidance. This is particularly important as reimbursement will follow the principle that operators should be left 'no better and no worse off' as a result of the operation of the scheme. This will mean that the payment will not constitute a subsidy for the purposes of the Subsidy Control Act 2022.
- 7.5 The publication requirements set out in section 150 Transport Act 2000 require details of the proposed arrangements, or variations to the proposed arrangements, for the mandatory scheme to be published at least four months

before coming into operation. Publication includes sending copies to the relevant operators and having copies available at the Council's principal office. The guidance issued by the Secretary of State for Transport is often issued sufficiently prior to the date when publication is required by section 150 Transport Act 2000; this year there was a very short period of time between publication of the guidance and the relevant date under section 150 Transport Act 2000. The Council has sent copies of the draft scheme to relevant operators as it usually does. As the scheme follows closely the guidance issued by the Secretary of State for Transport, and has changed little from the previous arrangements, the risk of challenge seems low and the risk of a successful challenge seems low. It is envisaged that in respect of the scheme arrangements for 2024/25, proposed arrangements will be published more widely to comply with section 150 Transport Act 2000 but will also make clear that such arrangements are subject to change pending guidance issued by the Department for Transport.

- 7.6 The proposal also seeks to continue the existing discretionary elements of the scheme. The Council can offer such discretionary elements using powers set out in the Transport Act 1985. If the Council are minded to change or remove the discretionary elements of the scheme, a process that includes widespread consultation and an assessment of Equality Act 2010 considerations would need to be undertaken before such a decision is considered.
- 7.7 In the delegation of agreement for financial reimbursement, colleagues will need to still comply with the Council's Constitution. Further, auditable evidence of the consultation between the Corporate Director and the Portfolio Holder should be created and retained.
- 7.8 It is noted that the draft legislation for the East Midlands Combined County Authority includes powers for statutory and discretionary concession schemes will be concurrent between the new Authority and the constituent Authorities. The report cites that the draft legislation also allows for a two-year transition period up to April 2026. The detailed arrangements, including timescales and funding allocations, are currently being worked through, and this may lead to the Concessions Scheme being amended during 2024/25, with updates to be provided to the Board as required. From a legal risk perspective, it may be prudent to set out this context in any communications around the concessionary travel arrangements for 2024 – 25 and, indeed, 2025 – 26 to raise awareness and start to mitigate risks of challenge should the eventual scheme differ markedly from that being adopted by this Council.

Anthony Heath. Senior Solicitor, Contracts and Commercial, 21st December 2023.

8. Equality Impact Assessment (EIA)

8.1 Has the equality impact of the proposals in this report been assessed?

No

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

9. **Data Protection Impact Assessment (DPIA)**

9.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because this report does not contain any personal data.

Yes

10. **Carbon Impact Assessment (CIA)**

10.1 Has the carbon impact of the proposals in this report been assessed?

No

A CIA is not required because:

Yes

Attached as Appendix 2, and due regard will be given to any implications identified in it.

11. **List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

11.1 **N/a**

12. **Published documents referred to in this report**

12.1 **N/a**

This page is intentionally left blank

Equality Impact Assessment (EIA) Tool

Document Control

Control Details:	
Title of EIA/ Decision (DDM):	Nottingham City Council Discretionary Concessionary Travel Scheme 2024/25
Budget booklet code (if applicable):	N-10686-100-5120
If this is a budget EIA please ensure the title and budget booklet code is the same as the title used within the budget booklet	
Name of author (Assigned to Pentana):	James Howe
Department:	Growth & City Development
Director:	Paul Seddon
Division:	Transport Operations
Contact details:	James.howe@nottinghamcity.gov.uk
Strategic Budget EIA:	Yes
<u>Exempt from publication:</u>	No
Date decision due to be taken:	13.02.24

Page 55

Document Amendment Record

Version	Author	Date
1	James Howe	3 January 2024
2		
3		

Contributors/Reviewers (Anyone who has contributed to this document to be named)

Name	Title role	Date
Rosey Donovan	Equality and Employability Consultant	16/01/2024 / 24/01/2024

Glossary of Terms

Term	Description
Travel Concession Authority	Nottingham City Council in this case as the authority responsible for setting a Concessionary Travel Scheme for Nottingham.
English National Concessionary Travel Scheme (ENCTS)	National concessionary scheme which allows you to enjoy free off-peak travel on local buses anywhere in England: Monday to Friday: 9.30am to 11pm. Weekends and public holidays: all day.
Bus Service Improvement Plan	Annually reviewed improvement plan which is required in order to access all discretionary funding provided by government for bus services.
Nottingham City Council Discretionary Concessionary Travel Scheme	A non-statutory scheme that provides additional travel benefits to city resident concessionary pass holders above and beyond the statutory duty as outlined in the English National Concessionary Travel Scheme. It is wholly funded by the Council, not central government.
Local Government Finance Settlement (LGFS)	A revenue grant payment paid from central government to English Councils to help fund a variety of local services, which includes the costs of running the English National Concessionary Travel Scheme at a local level.
Local Transport Plan (LTP)	Sets out the transport strategy for Nottingham and outlines a programme of measures to be delivered over the short, medium and long term. The strategy covers all types of transport including public transport, walking, cycling, cars and freight.
East Midlands Combined County Authority (EMCCA)	A regional authority that sits above Derby City, Derbyshire County, Nottingham City and Nottinghamshire Council Councils, which will receive funding and powers devolved from a national level to a regional level to help the 2.2 million people that live in the catchment area.
NET	Nottingham Express Transit
EIA	Equality Impact Assessment

Section 1 – Equality Impact (NCC staff/ Service users/ Citizen/ Community impact)

1. a. Brief description of proposal/ policy/ service to be assessed

The Council is a Travel Concession Authority (TCA) and has a duty to provide free travel on local bus services for holders of a valid English National Concessionary Travel Scheme (ENCTS) pass for journeys that commence within the council's administrative boundary. The free travel window is between 09:30 and 23:00 on weekdays and at all times on weekends and on bank holidays anywhere in England. Concessionary travel passes are available to those who qualify on the grounds of age or disability.

ENCTS free travel is funded by central government via the Local Government Finance Settlement (LGFS) grant provided annually to each English Council. The Council is responsible for reimbursing transport operators for all statutory free concessionary travel commencing within Nottingham, irrespective of which TCA issued the pass. TCAs can also offer, and locally fund, additional travel entitlements using discretionary powers from Section 93 of the Transport Act 1985 (<https://www.legislation.gov.uk/ukpga/1985/67/section/95>) The Council currently offers three additional travel entitlements for our Nottingham residents, namely;

- free travel on the entire Nottingham tram network at the same times as per the national scheme for free bus travel, which is between 09:30 and 23:00 hours on weekdays and at all times on weekends and bank holidays;
- a companion travel facility attached to passes issued for certain severe disabilities;
- free travel on weekdays for boardings made before 09:30 on buses for travel made wholly within the Nottingham City Council administrative boundary and on the tram across its entire network.

Unlike the reimbursement duty for the statutory bus concession, the Council is responsible under the current non-statutory arrangement for reimbursing the tram operator for all travel by Nottingham pass holders only.

Nottingham issues a disabled persons concessionary travel pass with an additional companion entitlement to residents who are either;

- registered as blind with the Council's Sensory Team.
- have a severe walking disability (need to use a wheelchair at all times indoors and outdoors) or;
- have a severe learning disability, are registered under the care of the adult learning Team and would have difficulty travelling alone.

This type of pass allows one additional person to travel with the pass holder at the same discounted rate for all journeys made in Nottingham and the Council uses its own budget to fund the companion trips.

The Council currently receives external grant funding in the form of the Bus Services Improvement Plan (BSIP) to fund free travel made by city residents possessing a disabled persons travel pass on bus and tram before 09:30 on weekdays. The period funded ends on 31 March 2025.

Officers are due to issue a report to Executive Board for the meeting dated 13 February 2024 to seek approval to continue providing the following additional travel benefits as outlined above to eligible city residents;

- free travel on the entire Nottingham tram network at the same times as per the national scheme for free bus travel, which is between 09:30 and 23:00 hours on weekdays and at all times on weekends and bank holidays;
- a companion travel facility attached to passes issued for certain severe disabilities.

The offering of the above benefits aligns with the strategic ambition of the Council, as outlined in the Local Transport Plan (LTP), found at www.transportnottingham.com/policies/transport-strategy-plan, aimed at delivering a world-class, low carbon, sustainable transport system for Nottingham, to support a thriving economy and enable growth. To help realise this vision; the Council provides enhanced concessionary travel benefits for Nottingham's elderly and disabled residents, enabling those residents to more easily access work, training, health, shopping and leisure facilities.

The additional benefits provided can also support the strengthening of communities, sustainable town and district centres within the Greater Nottingham area, and connect disabled and isolated people, thus improving helping mental health well-being and quality of life.

Under the draft legislation for the East Midlands County Combined Authority (EMCCA), powers for statutory and discretionary concession schemes will be concurrent between the new Authority and the constituent Authorities. To ensure that clear arrangements are put in place across all public transport functions, the legislation also allows for a two-year transition period up to April 2026. The detailed arrangements for transferring functions, including timescales and funding allocations, and the arrangements in particular for discretionary concessions schemes, are currently being worked through, and this may lead to the Nottingham Concessionary Travel Scheme being amended during 2024/25.

1. b. Information used to analyse the equalities implications

Various sources of data and survey information were analysed to assess the equalities implications. These were;

Usage data

Nottingham has around 55,000 residents that possess a Concessionary Travel pass.

There were around 6,980,639 concessionary pass journeys undertaken in 2022/23 that the Council were responsible for reimbursing local bus and tram operators for.

Around 922,459 of these trips were undertaken by city residents on the tram network and broken down further into the following pass types;

- 259,033 were mobility pass holders
- 16,416 were mobility + companion pass holders
- 1,868 were senior + companion pass holders
- 645,142 were senior pass holders

Of the 6,980,639 journeys made by concessionary pass holders, 1% were made by city residents possessing a senior + companion or disabled + companion persons pass, including the following.

National surveys

The National Highways Survey for 2022 (<https://nhtnetwork.org/survey-results/>) recognised Nottingham City Council as being the number one local Authority area in the country for Public Transport. The area received some very high ranking including;

Ease of getting off and onto a vehicle - 80% satisfaction – 10% above average.

Raised kerbs to help with access to vehicles – 69% satisfaction - 6% above average

Information available on accessible buses - 60% satisfaction - 13% above average.

Surveys undertaken by Transport Focus also show that satisfaction across a range of factors is higher than the national average, with results including;

Passenger satisfaction – 92% satisfaction - 10% above average

These results suggest high levels of satisfaction for public transport, and in particular on accessibility issues for the elderly and mobility impaired and wider ticketing availability.

Local surveys and research

An evaluation undertaken in 2018 following opening of NET Phase Two identified the following;

- The number of wheelchair users in particular has increased significantly with the introduction of NET Phase Two, and the tram has significantly increased the quality of life for mobility impaired users, with 86% saying it had improved considerably.
- Around 17% of mobility impaired users accessing their place of work in Nottingham City Centre had changed employment in the last five to six years. Of these, 50% said their change of workplace would not have been practical without the introduction of NET. Whilst the sample size is small, this suggests there is a clear benefit from NET in providing individuals with enhanced access to a choice of employment opportunities.
- Increase in the quality of life for mobility impaired users, with 86% saying it had improved considerably.

Bus Service Improvement Plan survey October 2021

When citizens were asked if better facilities to cater for disabilities would make you use local bus services in Nottinghamshire, 18% indicated yes, a great deal, and 20% said yes, to some extent.

These results indicate the importance to citizens of making public transport as accessible as possible for people with disabilities.

1. c. Who will be affected and how?

Impact type (NCC staff/ Service users/ Citizens/ Community)	Equality group/ individual	Positive	Negative	None	Reasons for your assessment (Including evidence)	Details of mitigation/ actions taken to advance equality	Details of any arrangements for future monitoring of equality impact (Including any action plans)
Service users/Citizens/Community Page 61	Disabled people/ carers	X			Disabled city residents are statistically less likely to have access to their own car and so it is particularly important that this group has extensive public transport options with the addition of free tram travel. The tram is a highly accessible, high frequency, mode of public transport with ease of access boarding and it has a good level		

Page 62				<p>of priority seating and wheelchair space available. The tram can also provide important links to medical appointments, leisure and shopping facilities, employment and education and it also further facilitates socialisation.</p> <p>Carers are permitted to travel for free on bus and tram with a city resident disabled person that possess a valid concessionary travel pass to support the disabled person, who may or may not be able to</p>		
---------	--	--	--	---	--	--

					travel alone, with their journey.		
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 63</p>	<p>Service users/Citizens/Community</p>	<p>Older</p>	<p>X</p>		<p>People within this group have more travel choice with the addition of free tram travel and the tram is a highly accessible, high frequency, mode of public transport with ease of access boarding and priority seating available. The tram can also provide important links to medical appointments, leisure and shopping facilities, employment and education and it also further facilitates socialisation.</p>		
		<p>Younger</p>			<p>X</p>		

	People from different ethnic groups			X			
	Men			X			
	Women			X			
	Trans			X			
	Pregnancy and maternity			X			
	Marriage/Civil Partnership			X			
Page 64	People of different faiths/ beliefs and those with none			X			
	Lesbian/ Gay/ Bisexual people			X			
	Other (e.g. <u>looked after children</u> , cohesion/ good relations, vulnerable children/ adults),			X			

	socio-economic background. <i>Please underline the group(s) /issue more adversely affected or which benefits.</i> <i>Looked After Children</i>						
--	--	--	--	--	--	--	--

Page 65

d. Summary of any other potential impact (including cumulative impact/ human rights implications):

--

Section 2 – Equality outcome

Please include summary of the actions identified to reduce disproportionate negative impact, advance equality of opportunity and foster good relations. Please pull out all of the mitigations you have identified and summarise them in this action plan


Equality Outcome	Adjustments to proposal and/or mitigating SMART actions	Lead Officer	Date for Review/ Completion	Update/ complete
------------------	---	--------------	-----------------------------	------------------

Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010.				
Advance equality of opportunity between those who share a protected characteristic and those who don't				
Foster good relations between those who share a protected characteristic and those who don't				
Please add other equality outcomes as required – e.g. mitigate adverse impact identified for people with a disability)				

Please note: All actions will need to be uploaded onto Pentana

Section 3 – Approval and publishing

<p>The assessment must be approved by the manager responsible for the service /proposal. Approving Manager details (name, role, contact details):</p> <p>Steve Tough, Head of Transport Projects & Operations</p>	<p>Date sent for advice:</p> <p>04/01/2024</p>
---	--

<p>Approving Manager Signature:</p> 	<p>Date of final approval:</p> <p>24.01.24</p>

For further information and guidance, please visit the [Equality Impact Assessment Intranet Pages](#)
Alternatively, you can contact the Equality and Employability Team by telephone on 0115 876 2747

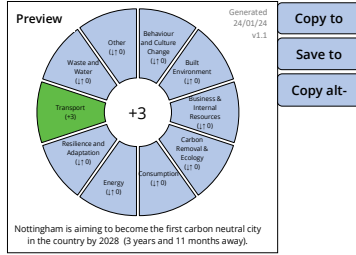
Send document or link for advice and/ or publishing to: edi@nottinghamcity.gov.uk

PLEASE NOTE: FINAL VERSION MUST BE SENT TO EQUALITIES OTHERWISE RECORDS WILL REMAIN INCOMPLETE.

This page is intentionally left blank

Carbon Impact Assessment Dashboard Tool (v1.1)

Report Name	Concessionary Travel Scheme Arrangements 2024-25
Report date	05/01/24
Report author	James Howe
Project Notes	Nottingham has to publish a Concessionary Travel Scheme for 2024-25 with regards to facilitating a selection of free public transport travel benefits for concessionary pass holders.
Export filename	Concessionary Travel Scheme Arrangements 2024-25 CIAD 05.01.2024 .png



Page 69

Category	Impact	Notes / justification for score / existing work (see guidance sheet or attached notes for more information)	Score (-5 to +5)
Behaviour and Culture Change	Communication & engagement		-
Behaviour and Culture Change	Wider influence		-
Behaviour and Culture Change	Working with communities		-
Behaviour and Culture Change	Working with partners		-
Built Environment	Building construction		-
Built Environment	Building use		-
Built Environment	Switching away from fossil fuels		-
Business & internal resources	Developing green businesses		-
Business & internal resources	Marketable skills & training		-
Business & internal resources	Sustainability in business		-
Business & internal resources	Material / infrastructure requirement		-
Carbon Removal & Ecology	Carbon storage		-
Carbon Removal & Ecology	Biodiversity & Ecology		-
Carbon Removal & Ecology	Bee friendly city		-
Carbon Removal & Ecology	Carbon offsets		-
Consumption	Food & Drink		-
Consumption	Products		-
Consumption	Services		-
Consumption	Local and low-carbon production		-
Energy	Local renewable generation capacity		-
Energy	Reducing energy demand		-
Energy	Improved energy storage		-
Resilience and Adaptation	Green / blue infrastructure		-
Resilience and Adaptation	Natural flood management		-
Resilience and Adaptation	Drought vulnerability		-
Resilience and Adaptation	Flooding vulnerability		-
Resilience and Adaptation	Heatwave vulnerability		-
Transport	Staff travel requirement		-
Transport	Decarbonising vehicles	The generation of extra public transport trips will reduce car use, meaning less fossil fuelled vehicles on the	+3
Transport	Improving infrastructure		-
Transport	Supporting people to use active travel		-
Transport	Reduced need to travel		-
Waste and Water	Single-use plastic		-
Waste and Water	End of life disposal / recycling		-
Waste and Water	Waste volume		-
Waste and Water	Water use		-
Other	Other 1		-
Other	Other 2		-
Other	Other 3		-
Other	Other 4		-

Cheat Sheet

- We are looking at the effects of **this** decision (not our past performance, or actions that represent future decisions)
- We are looking at the **whole impact** of the decision (regardless of geographical location or organisational boundary)
- We are only looking at the **climate impact** - other impacts, and social, economic, wellbeing measures are recorded elsewhere.
- We need to stay **accessible**. Click on the "copy alt-text" button above and then paste the result into the alt text box for your infographic in word. [Click here for a guide](#)
- Your report must include some explanation as well as the infographic. **If the decision will have consequences past 2028 you must say so in your report.**
- While there are no other specific rules for writing the summary, some of the things you may want to discuss include:
 - What are the biggest costs and benefits of this activity in terms of the climate?
 - Are there things that we will have to include in future iterations of this action - do you have a recommendation?
 - Are there measures already included in your plan to minimise the costs and maximise benefits with respect to climate change?
 - Are there other costs and benefits which are outside the scope of the CIAD? For example, does the project have high value in terms of economic or social benefit which outweighs the climate cost? Is this a valuable climate action which has a cost elsewhere?
 - What are your ambitions for this activity - what is technically feasible and what do you think we should be aiming for?
 - If we were to carry out the activity in the best possible way for the climate, what would that look like?
 - What method(s) if any are available to monitor our climate performance on this activity? This might include internal data (electricity bills, mileage claims etc.) or an external verification process. Is this feasible? If not, why not?
 - What are the constraints which stop you doing more? Time, money, expertise, political support, partner buy in, something else?

If you get stuck, please contact climatechange@nottinghamcity.gov.uk

[Click here to go to tutorial on adding alt text](#)

This page is intentionally left blank

Subject:	Increase and reprofile of budget for Oakdene development, St Ann's
Corporate Director(s)/Director(s):	Sajeeda Rose, Corporate director for Growth & City Development
Portfolio Holder(s):	Councillor Jay Hayes, Portfolio Holder for Housing
Report author and contact details:	Ceri Davies, Regeneration Team Leader Ceri.davies@nottinghamcity.gov.uk ; x.63530
Other colleagues who have provided input:	Paul Stanley – Head of Development, Housing Services Thomas Straw - Senior Accountant HRA David Worthington – Accountant HRA Jeremy Delderfield – Procurement & Sourcing Manager Antony Heath – Team Leader – Contracts and Commercial Beverley Gouveia - Head of Property Sarah Baker – Finance Business Partner
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date: 25 January 2024
Total value of the decision:	£873,000
Section 151 Officer expenditure approval	Has the spend been approved by the Section 151 Officer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/a Spend Control Board approval reference number: 6180
Wards affected:	St Ann's
Date of consultation with Portfolio Holder(s):	01 February 2024
Relevant Council Plan Key Outcome:	
Green, Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Living Well in our Communities	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Serving People Well	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
Oakdene is a 24 council home development on Woodborough Road in St Ann's. Having tendered the scheme for a second time, an increased budget is required to award the contract and complete the project; homes that are key to meet need from the waiting list and in turn ease pressures on homelessness' general fund expenditure. The existing budget includes an element of s.106 monies from developer contribution for affordable housing delivery; the sums can no longer be matched to Right to Buy replacement receipts in the same way that HRA capital can, therefore swapping s.106 monies out for HRA capital will enable 40% match to be made from our RTB receipt resource, which needs to be	

spent in a timely manner to avoid return to government with interest.

Does this report contain any information that is exempt from publication?

An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it contains commercially sensitive information which could impact the council's ability to obtain value for money during tender processes.

Recommendation(s):

- 1** To award Morro Partnership (previously Jessup Partnership) the contract to complete the scheme using Modern Methods of Construction.
- 2** To replace the s.106 element of the budget with a 60/40 mix of HRA revenue to capital transfer and RTB replacement receipts.
- 3** To increase the budget for the Oakdene housing scheme by £865,000 using HRA revenue to capital transfer, RTB replacement receipts and re-allocation of underspend from an approved project budget, as per the recommendation of the Capital Budget report, and to note that this expenditure has been approved by the Section 151 Officer

1. Reasons for recommendations

- 1.1 The increased budget is required to award the contract to the selected contractor and to complete the scheme of 24 new council homes that will meet need from the waiting list and in turn, assist in the reduction of pressure on homelessness's general fund expenditure.
- 1.2 S.106 commuted sums can no longer be matched with RTB replacement receipts, whereas HRA capital can. It is therefore better value to use HRA capital that can be matched 40% with RTB replacement receipts, a) to the project, and b) to the council as we have a large pool of these receipts which if not spent need to be returned to government with interest.
- 1.3 Using a combination of HRA Revenue Contribution to Capital, RTB replacement receipts and underspend on an existing approval enables funding without additional HRA prudential borrowing.
- 1.4 Sufficient underspend on an existing project/approved budget has been identified for vire to Oakdene, without jeopardising the closing stages of that project.
- 1.5 Development of new council homes enables a rental income stream which supports HRA repair and maintenance reserves.

2. Background (including outcomes of consultation)

- 2.1 A scheme of 48 flats was approved for Oakdene in June 2020, this was later revised to 15 houses and 9 flats in February 2022. (Delegated Decision No. 3896)
- 2.2 The scheme was granted planning approval in February 2023, and is being built to enhanced eco/energy efficiency standards, with an aim to attain an 'A' SAP rating. Car charging points and solar panels will be provided on homes where appropriate (planning application reference 22/00676/PFUL3).
- 2.3 There have been two separate tender exercises undertaken. The initial tender only resulted in one submission as potential contractors declined to participate due to market conditions at the time. A second tender exercise has been much more successful with four contractors coming forward.
- 2.4 The requirements for the tender was to be split into two separate proposals, Traditional Build and a form of Modern Methods of Construction (MMC) in order to review a variety of proposals to thoroughly test the market and speed of delivery comparing the two submissions against each other.
- 2.5 An evaluation of the quality, cost and health and safety considerations has been undertaken. As a result, Morro Partnership (previously Jessup Partnership) have been successful with their modern methods of construction submission, and approval is now sought to appoint them. Their tender was submitted in July and is valid for 6 months.
- 2.6 A budget increase of £865,000 is required to appoint Morro Partnership as above and complete the scheme. This increase is predominantly due to an increase in labour and material costs, and increases to charges for contingencies that are calculated as a percentage of scheme costs.

3. **Other options considered in making recommendations**

- 3.1 A review of the specification of the development, in terms of enhanced build standards, was undertaken but reducing the specification did not make a significant difference to the costs.
- 3.2 Consideration was given to completing a portion of the development and leaving the remainder such that it could be completed in the future. The most reasonable way to split the scheme, was to leave the block of flats to a later date, however the height and position in the development was key to the scheme's relationship to the main road (Woodborough Road), so would not have been straightforward.

4. **Consideration of Risk**

- 4.1 Risks associated with construction costs and abnormals have been factored into the scheme's contingencies. Specific, additional, contingency has been provided for drainage element as this was highlighted through the tender process.

5. **Best Value Considerations, including consideration of Make or Buy where appropriate**

The scheme was subject to an open tender process, whereby submissions were evaluated on cost, quality and health and safety. The tender also required contractors to submit costs for traditional and modern methods of construction

approaches, so that the pace of completing the scheme and bringing properties into use could be factored in.

6. Finance colleague comments (including implications and value for money/VAT)

6.1 Please refer to the exempt appendix.

6.2 Spend Control Board approval was granted on 2nd February 2024 (#6180)

7. Legal colleague comments

7.1 Based on the proposed use of funds being appropriate and confirmation of a compliant route to market, the proposed project creates little legal concern. External legal support will be required as there is not the internal council resource available to draft and negotiate this contract; the time and cost of this should be considered in the project budget and timetable.

Anthony Heath, Team Leader, Contracts and Commercial 15th February 2024

8. Other relevant comments

8.1 Procurement – Following the submission of the original tender in July 2023, the financial envelope containing the material costs was evaluated by the NCC New Build Housing Services Quantity Surveying team. The material costs were considered to be higher than would have been expected for a typical Design Build (D&B) contract. Therefore an open tender was issued via the Councils e-procurement portal, that provided a compliant process which was carried out in accordance with Nottingham City Council Procurement Contract Rules (PCR). Revised commercial envelopes were provided and these costs were evaluated by the NCC New Build Housing construction team. Details of the updated material costs are attached in Enclosure (1) “Extension to Budget at Oakdene”.

Jeremy Delderfield, Procurement and Sourcing Manager, 15th January 2024

8.2 Strategic Assets and Property – The recommendations contained in this report do not cause any concerns from a Strategic Assets & Property perspective. The Strategic Assets & Property team will support this project as required.

Beverley Gouveia, Head of Property, 15th January 2024.

9. Crime and Disorder Implications (If Applicable)

9.1 n/a

10. Social value considerations (If Applicable)

10.1 Enable provision of social housing and use of a vacant site. Contractors have performance measures relating to recycling and employment of local people.

11. Regard to the NHS Constitution (If Applicable)

11.1 n/a

12. Equality Impact Assessment (EIA)

12.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because an EIA was attached to original decision, and this is a budget increase for the same scheme.

Yes

13. Data Protection Impact Assessment (DPIA)

13.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because:

Yes

14. Carbon Impact Assessment (CIA)

14.1 Has the carbon impact of the proposals in this report been assessed?

No

A CIA is not required because a CIA was provided with the decision to approve the scheme, and this is an extension to the same scheme's budget.

Yes

15. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

15.1 None

16. Published documents referred to in this report

16.1 Delegated Decision No. 3896 - [EXECUTIVE BOARD - 2010](http://nottinghamcity.gov.uk)
(nottinghamcity.gov.uk)

This page is intentionally left blank

Subject:	Property Acquisitions Programme 2024-2026
Corporate Director(s)/Director(s):	Sajeeda Rose – Corporate Director of Growth & City Development
Portfolio Holder(s):	Councillor Jay Hayes, Portfolio Holder for Housing
Report author and contact details:	Ceri Davies, Regeneration Team Leader ceri.davies@nottinghamcity.gov.uk x.63530
Other colleagues who have provided input:	Thomas Straw – Senior Accountant HRA David Worthington – Accountant HRA Mick Suggett – Legal Services Beverley Gouveia – Property Services Steven Edlin – Asset Management
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision
and/or	
(a) Significant impact on communities living or working in two or more wards in the City	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
If Capital, provide the date considered by Capital Board	
Date: 17 th January 2024	
Total value of the decision: £12.297m	
Section 151 Officer expenditure approval	
Has the spend been approved by the Section 151 Officer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/a	
Spend Control Board approval reference number: 6203	
Wards affected: All	
Date of consultation with Portfolio Holder(s): 01 February 2024	
Relevant Council Plan Key Outcome:	
Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Healthy and Inclusive	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Financial Stability	<input type="checkbox"/>
Serving People Well	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
To purchase 60 houses and flats; a majority former council homes; for the Housing Revenue Account (HRA) affordable rent to assist in reducing the waiting list and in turn alleviate pressures on homelessness' general fund budgets as a result of temporary accommodation and bed and breakfast outlay.	
Funding purchases through a combination of HRA revenue to capital contribution and Right to Buy replacement receipts (RTB RF), means there is no need for HRA borrowing and an	

opportunity for RTB RF to be spent locally and avoid their return to government with interest.

The scheme will require dedicated staff resource in conveyance and surveying, which cannot be provided with current internal staffing levels.

This will be the first tranche of two, requested in the HRA capital programme, the second being a further 40 properties across 2 years. A review of the first tranche will be undertaken as to required budget, resources and availability, with a second approval sought to continue.

Does this report contain any information that is exempt from publication?

This report contains an appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the Council's anticipated expenditure on acquiring properties and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it may impact on value for money to be achieved

Recommendation(s):

- 1** To purchase and bring into requisite condition 60 properties for HRA stock in the period April 2024 to March 2026, and to note that this expenditure has been approved by the Section 151 Officer
- 2** To use RTB replacement fund receipts to fund 40% of cost of the programme and 60% HRA Revenue contribution to capital for the remainder.
- 3** To appoint key staff resources to undertake the programme

1. Reasons for recommendations

- 1.1 Property acquisitions represents the quickest way to replenish much needed social housing stock and to utilise Right to Buy replacement funds (RTB RF) in a timely way. It also provides the best opportunity for additional social housing stock at a time when the pipeline for new build development is limited.
- 1.2 NCC's waiting list for housing is c.10,000 households, and there are over 600 RTB applications in process. In addition, homelessness is at very high level, putting substantial and sustained pressure on general fund budgets through the cost of temporary and emergency accommodation.
- 1.3 Replenishing the HRA stock is also critical to the HRA 30 year business plan and the onward ability to have sufficient revenue stream and asset base to undertake planned activity.
- 1.4 RTB RF can be used to fund up to 40% of the cost of delivery of new housing; new build and purchases but has to be spent within 5 years. Where monies are not spent, they are returned to government with a compound annual interest of base rate plus 4%. This interest is paid from the HRA and therefore impacts on its viability to provide services to tenants.
- 1.5 Under amended DLUHC rules on spend of RTB RF, their use for acquisitions is restricted to 20 purchases, plus an incrementally decreased percentage of

the council's new build completions in the previous year. 2024/5 provides the most optimal, remaining, combination of these factors, with the highest percentage allowance (30%) and new build completion numbers available (63).

2. Background (including outcomes of consultation)

- 2.1 NCC had a successful, albeit curtailed, property acquisitions programme between 2019 and 2021, bringing 163 homes back into the HRA for social housing. This followed on from a smaller programme between 2016 and 2018.
- 2.2 The programme demonstrated that acquisitions provided good value as a means of providing social housing; and also valuable learning regarding the efficient selection of properties and resource scheduling for repairs aspect, which has been factored into the new proposals.
- 2.3 The proposal is to purchase 60 properties from the market to bring into HRA stock and circulation over a 2 year period, 40 in 2024/5 and 20 in 2025/6.
- 2.4 The programme will include the purchase of properties (valuation, survey and conveyancing), stamp duty and repairs to ready the properties for letting; it is anticipated the properties will be split 40:20 houses to flats, but will be dependent on the market.
- 2.5 Works and repairs will be assessed prior to purchase, including HHSRS and any structural concerns, and undertaken by Housing Management's commercial voids team. These costs will be totalled and tested against affordable rental income to ensure a viable payback period. These will also include any improvement works required in the short/medium term, meaning this can be met through the scheme's part RTB RF funded, budget, rather than added to cyclical repair programmes.
- 2.6 Additional and dedicated staff resource will be required to undertake this scheme in both Property (valuation/survey) and Legal (conveyancing) services. The capital costs for this can also be met 40% by RTB RF, though revenue resource (internal staff appointments) cannot.
- 2.7 The project will report regularly to BABN via Major Programmes with targets for acquisitions, budget adherence and repair/lettings turnaround to be established.
- 2.8 Summary Project Cost and Funding

Item	Cost(m)
Properties (purchase, SDLT and repair)	£11.082
Resources (Conveyancing, valuation and surveys)	£0.304
Contingency	£0.911
TOTAL	£12.297
Funding	Cost(m)
HRA Revenue contribution to Capital	-£7.417m
RTB RF	-£4.881m

3. **Other options considered in making recommendations**

- 3.1 No programme: Acquisitions form the majority of the draft capital programme for new housing delivery and are key to overall new housing delivery numbers number and utilisation of RTB RF receipts.
- 3.2 Smaller or larger programme: A larger programme using RTB RF would not be permitted without DLUHC approval; a smaller programme would fail to maximise use of and value for money from financial resources.

4. **Consideration of Risk**

- 4.1 Not enough properties of type or value: The maximum number of suitable properties will be acquired within the programme budget envelope.
- 4.2 Resources to operate programme: Not having the resources available to assess properties, complete purchases and undertake repairs all represent a risk to the programmes targets and intended outcomes. Extra, dedicated resource has been costed in the programme and is considered vital to its undertaking.
- 4.3 Acquiring properties that are a long term burden: Properties acquired will be assessed as to the level of works required, not only to bring them to lettable standard but also to Decent Homes 2 standard and EPC rating C in the longer term. These total costs will be assessed against the 30-year payback period to ensure acquisitions are sustainable additions to the HRA stock.

5. **Best Value Considerations, including consideration of Make or Buy where appropriate**

- 5.1 Property acquisitions are a more cost-effective and expedient way of providing social housing compared to new build.
- 5.2 Purchasing more than 20 properties using RTB RF is not confirmed as available after 2024/5.
- 5.3 Spending RTB RF receipts is better value than returning them to treasury with interest at Bank of England base rate plus 4%, not only so they can be practically deployed in meeting local housing needs, but also because the interest is paid for from the HRA.
- 5.4 Social housing is better value for money than temporary accommodation or Bed and Breakfast emergency accommodation.

6. **Finance colleague comments (including implications and value for money/VAT) – please refer exempt appendix**

Spend Control Board approval was granted on 2nd February 2024 (#6203)

7. **Legal colleague comments**

- 7.1 Legal Services note the decision is to purchase 60 properties, and use specific funding to acquire those properties and appoint key resources.
- 7.2 Legal Services would defer to Finance colleagues' expertise and advice as regards the use of specific funding for acquisition purposes, however in terms of property acquisitions we would comment that;
 - 7.2.1 Legal Services currently does not currently have the resource to support and undertake a programme of acquisitions of this nature. Legal Services' resource within the Conveyancing Team is anticipated to subject to further strain in the future based on current trends for workload and anticipated workload in the near future;
 - 7.2.2 in order to deliver a programme of significant acquisitions additional resource would be needed by Legal Services;
 - 7.2.3 the work required in such programme should be undertaken by a qualified solicitor or Chartered Legal Executive with specific expertise in residential conveyancing with a reasonable period of post qualification experience;
 - 7.2.4 in purchasing any properties, we would advise that full and proper legal due diligence is carried out and all appropriate property searches, enquiries and surveys should be undertaken. The cost of all searches, Stamp Duty Land Tax, Land Registry registration fees and other disbursements should be factored into the cost of the programme;
 - 7.2.5 whilst the programme is to last initially 2 years, we would recommend a residential conveyancer is retained for a period of months after the end of that period to deal with post completion matters. This is because the conveyancer appointed will have carried out the acquisitions and will have detailed knowledge. It is common place that questions and requisitions can be raised in relation to registration and other post completion requirements some months after acquisition takes place and at present the Land Registry is significantly delayed in dealing with registration issues sometimes taking up to 12 months to complete applications. In this regard Legal Services recommendation would be that any qualified conveyancer is retained for 6 months post the relevant period to be able to deal with post completion work as Legal Services would not have the capacity to pick this work up post completion;
 - 7.2.6 the targets set for the number of properties to acquire will be challenging for a single residential conveyancer (and influenced by third party matters including for example sellers and their solicitors ability to progress matters in a timely manner) and it should be noted that the current market for residential conveyancing solicitors is very competitive. Legal Services would expect the Council to bring in additional resource to the Conveyancing Team within Legal Services by way of a fixed term contract to deliver the work in house, rather than for example outsourcing of the work. Legal Services' would advise that the time needed to advertise, interview and then successfully appoint a qualified conveyancer (taking into account any period of notice the successful candidate needs to give to an existing employer) will need to be factored in to the relevant acquisition programme;
 - 7.2.7 if the programme is extended, Legal Services and any successful appointed candidate will need to be given sufficient time to plan for an extended programme and workload and the Council will need to factor in that the costs anticipated now to cover the legal work may well be higher in the future depending upon inflation, demand for conveyancing services and other matters;
 - 7.2.8 the costs of equipment such as a laptop and other IT equipment as well as any professional costs (for example professional subscriptions for

practising certificates or other costs) will need to be factored into the programme budget as Legal Services do not have budget to cover this additional post;

- 7.2.9 if the proposal to acquire a qualified conveyancer to work in house with Legal Services is unsuccessful for any reason, the Council may need to consider whether fully outsourcing this work is viable. It may therefore be prudent to obtain estimates of cost from external panel legal advisors to consider the financial viability of that option;
- 7.2.10 tax advice should be taken from colleagues in Finance with regards to any tax issues that may arise as part of this acquisition programme.

Mick Suggett, Solicitor & Team Leader Conveyancing – 31st January 2024.

8. Other relevant comments

- 8.1 **Strategic Assets and Property:** Between 2019 and 2020 Strategic Assets & Property worked on the acquisition of housing stock for the Housing Revenue Account. This work was undertaken by a dedicated resource within the team which is no longer available.
- 8.2 To assist with this project Strategic Assets & Property would need to appoint a surveyor, this is highly likely to be via an agency appointment due to current recruitment issues. The cost of an agency employee will be significantly higher than a permanent employee cost.
- 8.3 Strategic Assets & Property are in support of this decision subject to funds being made available for adequate resource. If this is not forthcoming the team will not be able to resource this project.

Beverley Gouveia – Disposals & Development Manager 18th December 2023.

- 8.4 **Asset Management:** Asset Management within Housing Services is supportive of this proposal as long as all of the properties acquired are assessed with regard to the level of work needed including structural concerns and repairs to ensure they not only meet the lettable standard but also the Decent Homes standard and satisfy the Housing Health and Safety Rating System (HHSRS) with no code 1 defects present at the time of letting. NCC also needs to be financially able to bring any property purchased up to an EPC rating of C in the longer term.

Steve Edlin, Assistant Director of Asset Management 19th July 2023

9. Crime and Disorder Implications (If Applicable)

- 9.1 n/a

10. Social value considerations (If Applicable)

- 10.1 n/a

11. Regard to the NHS Constitution (If Applicable)

- 11.1 n/a

12. Equality Impact Assessment (EIA)

12.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because the decision concerns properties not people. Onward allocations will be administered via the allocations policy subject to its own EIA.

13. Data Protection Impact Assessment (DPIA)

13.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because no additional personal or protected information is required to be collected for this programme, that is not already covered by data protection arrangements.

14. Carbon Impact Assessment (CIA)

14.1 Has the carbon impact of the proposals in this report been assessed? Under consideration, maybe not required as existing buildings.

No

A CIA is not required because the programme will purchase existing residential properties in Nottingham.

Yes

15. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

15.1 None

16. Published documents referred to in this report

16.1 None

This page is intentionally left blank

Subject:	Guildhall Complex, Revised Terms for Disposal
Corporate Director(s)/Director(s):	Sajeeda Rose, Corporate Director for Growth and City Development
Portfolio Holder(s):	Councillor Steve Battlemuch, Portfolio Holder for Skills, Growth, Economic Development and Property
Report author and contact details:	Beverley Gouveia, Head of Property, beverley.gouveia@nottinghamcity.gov.uk
Other colleagues who have provided input:	Steve Sprason
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a) <input type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Type of expenditure: <input type="checkbox"/> Revenue <input type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date: N/A	
Total value of the decision: see exempt appendix	
Section 151 Officer expenditure approval Has the spend been approved by the Section 151 Officer? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/a Spend Control Board approval reference number: N/a	
Wards affected: N/a	
Date of consultation with Portfolio Holder(s): 25 January 2024	
Relevant Council Plan Key Outcome:	
Green, Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Living Well in our Communities	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input checked="" type="checkbox"/>
Better Housing	<input type="checkbox"/>
Financial Stability	<input checked="" type="checkbox"/>
Serving People Well	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users): The report relates to the disposal of the freehold interest in a council owned asset which will result in the generation of a substantial capital receipt. The disposal will relieve the council from the financial and other burdens of holding a void property. The disposal will see the property brought back into beneficial use.	

Does this report contain any information that is exempt from publication?

This appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the disposal of a Council asset and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because the report contains commercially sensitive information disclosure of which could prejudice the Council's negotiating position and any future discussions which may be entered into.

The Legal Services comments in the appendix are also exempt from publication under paragraph number 5 of Schedule 12A to the Local Government Act 1972 because they contain information in respect of which a claim to legal professional privilege could be maintained in legal proceedings relating to a proposed transaction and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it contains confidential legal advice in respect of the proposed transaction and disclosure could prejudice the Council's position.

Recommendation(s):

1 To approve the terms of disposal of the council's freehold interest in the subject property as set out in the attached exempt appendix.

2 To delegate the approval of the final terms of disposal to the Corporate Director for Growth and City Development subject to verification of the independent valuation report.

1. Reasons for recommendations

- 1.1 The Council has been in a contract for sale of the asset with Miller Birch since 2016 and the sale was moving towards a completion but in January 2023 the asset was listed, and the sale did not proceed. The asset has been vacant for a considerable period.
- 1.2 Revised terms have now been agreed with the Purchaser which are recommended for approval.
- 1.3 The disposal will relieve the Council of the financial and other burdens of holding a void property and see it bought back into beneficial occupation.

2. Background (including outcomes of consultation)

- 2.1 The Council has been in a contract for sale of the asset with Miller Birch since 2016 and the sale was moving towards a completion but in January 2023 the asset was listed, and the sale did not proceed. Following listing, the asset has become an entirely different commercial proposition in that the development capacity is now much reduced. The council has continued to engage with the prospective purchaser on the basis that there remains a compelling case to do so.
- 2.2 The Council can agree acceptable terms for disposal on the revised basis with the existing purchaser and the purpose of this report is to seek approval to those revised terms. This recommendation sits in full compliance with the Council's adopted Disposals Policy in that we continue to deal with the contracted purchaser, the price agreed will satisfy the council's obligation to achieve best consideration and the transaction will deliver either economic, environmental and/or social benefits.

2.3 The sale price is subject to support from an independent external valuer. At the time of submitting this report the completed s.123 valuation is not yet to hand, and the recommended sale price will be subject to that.

3. Other options considered in making recommendations.

3.1 Do nothing-this would have resulted in a potential disposal not progressing. No capital receipt would have been generated and the council would have continued to meet void management costs (and see the exempt appendix).

3.2 Remarket the asset-it is not considered to be in the best interests of the council to do so. This would have resulted in any disposal being, relatively speaking, much delayed and would leave the council with the burdens of void management for a much longer period.

4. Consideration of Risk

4.1 Failure to dispose of the subject asset identified in this report represents a business risk to the Council as the asset represents a significant burden to the council in terms of void holding costs.

4.2 A sale will not only generate a capital receipt but remove the significant revenue costs associated that are being incurred in holding the property vacant.

5. Finance colleague comments (including implications and value for money/VAT)

5.1 The finance comments are contained in the exempt appendix.

6. Legal colleague comments

6.1 The legal comments are contained in the exempt appendix.

7. Other relevant comments

7.1 Strategic Assets and Property

7.2 The Strategic Assets and Property comments are contained in the exempt appendix.

8. Crime and Disorder Implications (If Applicable)

8.1 Not Applicable

9. Social value considerations (If Applicable)

9.1 Not Applicable

10. Regard to the NHS Constitution (If Applicable)

10.1 Not Applicable

11. Equality Impact Assessment (EIA)

11.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because: the decision does not impact Council policy or procedure.

12. Data Protection Impact Assessment (DPIA)

12.1 Has the data protection impact of the proposals in this report been assessed?

No



A DPIA is not required because there are no issues arising from the release of information held by the Council in respect of the proposed purchaser as:

a). The information is required for the purposes of entering a contract with a prospective purchaser.

b). The information is required for the purposes of legal proceedings, i.e., the conveyancing process.

13. Carbon Impact Assessment (CIA)

13.1 Has the carbon impact of the proposals in this report been assessed?

No



A CIA is not required because the decision will not impact on carbon production by the Council.

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 None

15. Published documents referred to in this report.

15.1 None

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank