

Nottingham City Council

Companies Governance Executive Committee

Minutes of the meeting held at Loxley House, Nottingham, NG2 3NG on 20 February 2024 from 3:02pm – 5:14pm

Membership

Present

Councillor David Mellen (Chair)
Councillor Audra Wynter (Vice Chair)
Councillor Angela Kandola
Councillor Pavlos Kotsonis
Councillor Linda Woodings

Absent

None

Colleagues, partners and others in attendance:

Kevin Barr	- Finance Manager for Companies
Mike Carey	- Governance Officer
Martin Ingham	- Chief Executive Officer, Nottingham Ice Centre (NIC) Ltd
Marie Marshall	- Finance and Support Services Director, NIC Ltd
Colin Parr	- Shareholder Representative for NIC Ltd
Paul Seddon	- Shareholder Representative for Blueprint Ltd
Jiayue Wang	- Companies Governance and Compliance Officer

Call-in

Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 01 March 2024. Decisions cannot be implemented until the working day after this date.

86 Apologies

None

87 Declarations of Interests

None

88 Minutes

The minutes of the meeting held on 16 January 2024 were confirmed as an accurate record and signed by the Chair.

89 Work Programme

The Committee noted that the items scheduled in March for Futures Ltd would need to be deferred until the following meeting, to avoid a clash with the Futures Board meeting. The Committee agreed that there will not be a meeting scheduled in April, and that the next meeting would be held in May 2024.

The Committee noted the Work Programme.

90 NIC Business Plan 2024/25

This item does not contain any decisions eligible for call-in.

Martin Ingham, Chief Executive Officer for NIC Ltd, delivered the presentation on the NIC Business Plan 2024/25, highlighting the following points:

- (a) NIC makes a huge contribution to the City, with 118 direct alignments to the City Council's strategic objectives, and a strong impact on the health and wellbeing of citizens. The Holiday Activities and Food (HAF) initiative is expanding every year, alongside ongoing work with schools, and NIC is involved in a new initiative to work with vulnerable young people alongside the police. Hosting world-class events raises the cultural reputation of Nottingham, as demonstrated this week by the Sky Sports coverage of the Netball Super League Season Opener at Motorpoint Arena;
- (a) NIC makes a significant financial contribution to the City, with direct financial benefits to the City Council in the form of rents and rates expected to contribute around £18m over the next five years, compared to sinking fund contributions by NCC of around £3m over five years, which is less than 2% of the value of the asset. The economic impact on the City and the East Midlands region is huge, with a Gross Value Added of £45.33m per year, or £226m over the five years of the plan. The closure of NIC during Covid-19 underlined its broader impact, so since returning business relationships are the strongest they have ever been;
- (b) NIC has taken account of economic headwinds, primarily around inflation. For NIC inflation is due to peak next year, with extra costs of £2.2m. Pay inflation a large factor due to the increase in the National Minimum Wage (NMW) and changes in age banding which will bring workers aged 21 and over under the National Living Wage (NLW). More broadly, the 'Cost of Living' crisis may impact on the affordability of attending shows and events. Another headwind is a trend for acts that would previously have staged arena shows performing in stadia, combined with increased competition from new arenas opened in various cities. The demand for different genres of arena shows is volatile, and financial forecasting in this area can be difficult;
- (c) the business plan strategy focuses on a number of areas:
 - i. increasing utilisation of the arena, the ice centre, and other spaces such as meeting rooms. This includes using the arena for other purposes than the arena shows, such as the Nottingham Beer Festival, university inductions, business conferences, and sports events;
 - ii. increasing attendances at events. NIC is partnering with Ticketek on a new ticketing system, and aim to improve ticket sales with improved marketing;
 - iii. increasing profitability, and increase spend per head on merchandise and hospitality. The merchandise stall sited outside the arena is able to

sell to those without a ticket to an event, and gives a longer time window for attendees to purchase, whereas previously merchandise could only be bought inside the event;

- iv. increasing efficiency, through automation opportunities and the streamlining of systems and process.

(d) There are a number of important upcoming opportunities:

- i. the 2024/25 season for the resident ice hockey club, the Nottingham Panthers, starts in September 2024;
- ii. NIC will celebrate the 25th anniversary of its opening in April 2025, and in that month Torvill and Dean will be visiting NIC as part of their 50th anniversary tour;
- iii. there will be an opportunity in the summer of 2025 for communities to host events with the NIC that might not be commercially viable, with aim of bringing people who may never have visited before and making connections with the local community;
- iv. the National Merchandise operation is expanding, after starting as an in-house merchandising operation at the arena. National Merchandise now operates in a range of areas across the UK and Ireland, working arenas, stadia, theatres, and festivals. National Merchandise has been resident with the O2 arena for ten years, and a new contract has just been signed for six years;
- v. NIC is looking to win external contracts for catering, and there is a huge opportunity to create more units at the square outside the venue;
- vi. crowd management has been brought in-house after Covid-19, saving significant amounts of money. Crowd management services are now sold externally, to the university, to festivals, and in the summer will be supporting at the City Ground for the Take That concert.

(e) There have been challenging conversations around constructing the financial plan, given the inflation of costs. The last payment of the £7.4m loan given to NIC to maintain it over Covid-19 was made in September 2020, and loan repayment is being rescheduled to start in 2026/27. Provision for ticket liability starts to show significant numbers from the next financial year. The cash position shows improvement over the five years of the business plan, rising from around £2m to around £3m in 2028, and operating profit shows an upward trend;

(f) a number of risks are highlighted:

- i. the content and volume of events are volatile and hard to predict until you start the financial year. The net contribution to the NIC varies depending on the content, and while the plan has modelled predictions there is a potential for variance;

- ii. the Panthers have had a poor season, and there is a risk of ticket sales falling if this is sustained;
 - iii. the price elasticity of demand, given the cost of living crisis. Prices have increased, including skating and arena hire, and there is a risk of a fall in demand. NIC are raising prices incrementally and monitoring the impact on sales, accompanied by analysis of competitors;
 - iv. the building is well-looked after, but it is ageing and requires repair. Recently, for instance, a major drain collapsed and requires work;
 - v. the potential for major social disruption is a risk for businesses that are dependent on mass gatherings, as experienced during the outbreak of foot and mouth disease, at times of terrorist attacks, and during Covid-19 for instance.
- (g) In terms of its forward planning, NIC has now got a new Board of Directors, with seven new directors, and has worked closely with the Shareholder Unit to ensure compliance with the Companies Governance Handbook. It has invested in an extra member of staff to help manage this, and can demonstrate excellent corporate governance. NIC has invested in a number of counter-terrorism measures and training, and is confident that it is prepared for Martyn's Law, should it come into law. It is working towards its 25th anniversary celebrations, the full roll-out of Ticketek, and National Merchandise should enjoy its best ever year. In 2027, NIC will host the World Synchronised Skating Championships, which should prove a vibrant and interesting cultural event attracting an estimated 6,000 visitors to the City.

During the discussion which followed, and in response to questions from the Committee, the following points were made:

- (h) stadia often have issues with the sound quality compared to arenas, but have a much larger capacity. There has been a trend of promoters combining two acts which would otherwise be arena headliners to form a stadium show;
- (i) other cities have done well out of conferences, and NIC has long had an ambition to host a major conferencing facility. As with Liverpool arena, at NIC there may be an opportunity to have a conference centre with all elements on site. NIC already has the auditorium, but would need an exhibition space. There would need to be a large exercise to look at the viability of this;
- (j) Committee members questioned whether the strong growth of National Merchandise represented a risk of overreliance on a supporting element compared to core services. Arena events and ice sports remain the core services at the heart of NIC's business plan, and National Merchandise's purpose is to help fund those core elements. It has grown due to the professional retail approach taken, and the revenue stream is built on strong foundations;

- (l) NIC has identified succession planning as an issue, particularly while building staffing up after Covid-19 when staff numbers were reduced from 166 to 19. The company is actively undertaking succession planning and have developed their structure to provide more resilience;
- (m) there is volatility in the market and NIC is undertaking an enhanced level of financial monitoring. NIC has traditionally had a good track record in its forecasting, but events such as short notice postponements of shows can have an impact;
- (n) the new Board, with seven new directors, shows a mixture of continuity and new talent who will be able to contribute to the business using their specialist experience;
- (o) Committee members acknowledged the important cultural, social, economic, and sporting role played by NIC in the City as it approaches its 25th anniversary.

The Committee noted the NIC Ltd Business Plan 2024/25.

91 Exclusion of the Public

The Committee decided to exclude the public from the meeting during consideration of the remaining agenda items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

92 NIC Business Plan 2024/25 Exempt Discussion

This item does not contain any decisions eligible for call-in.

Martin Ingham, Chief Executive Officer for NIC Ltd, led the exempt discussion for the Nottingham Ice Centre Business Plan 2024/25. Details of the discussion are set out in the exempt minute.

The Committee noted the contents of the exempt report.

At the conclusion of this item, Martin Ingham and Marie Marshall left the meeting.

93 Exempt Minutes

The exempt minutes of the meeting held on 16 January 2024 were confirmed as an accurate record and signed by the Chair.

94 NIC Strategic Review

This item does not contain any decisions eligible for call-in.

Colin Parr, Shareholder Representative for NIC Ltd, presented the report on the NIC Strategic Review. Details of the report and subsequent discussion are set out in the exempt minute.

The Committee noted the report on the NIC Strategic Review.

95 Companies Financial Update

This item does not contain any decisions eligible for call-in.

Kevin Barr, Finance Manager for Companies, presented the Companies Financial Update. Details of the report and subsequent discussion are set out in the exempt minute.

The Committee noted the Companies Financial Update.

96 Blueprint Strategic Review

This item does not contain any decisions eligible for call-in.

Paul Seddon joined the meeting for this item.

Paul Seddon, Shareholder Representative for Blueprint Ltd, presented the report on the Blueprint Strategic Review. Details of the report and subsequent discussion are set out in the exempt minute.

The Committee noted the report on the Blueprint Strategic Review.