

Nottingham City Council

Trusts and Charities Committee

Minutes of the meeting held at Loxley House, Nottingham on 25 March 2024
from 2.06 pm - 3.13 pm

Membership

Present

Councillor Kirsty L Jones (Chair)
Councillor Faith Gakanje-Ajala (Vice Chair)
Councillor Anwar Khan
Councillor Salma Mumtaz
Councillor Sana Nasir
Councillor Andrew Rule

Absent

Councillor Zafran Nawaz Khan
Councillor Farzanna Mahmood
Councillor Sarita-Marie Rehman-Wall

Colleagues, partners and others in attendance:

Bevis Mackie - Corporate Portfolio and Investment Manager
Rebecca Larmuth - Senior Surveyor
Thomas Straw - Senior Accountant, Capital Programmes
Ayanna Warner - Assistant Surveyor
Phil Wye - Governance Officer

27 Apologies for absence

Councillor Zafran Nawaz Khan
Councillor Farzanna Mahmood - unwell
Councillor Sarita Rehman-Wall – personal reasons

28 Declarations of Interest

None.

29 Minutes

The minutes of the meeting held on 18 December 2023 were confirmed as a correct record and signed by the Chair.

30 Bridge Estate Budget, Financial Accounts 2023/24 and Financial Management

Thomas Straw, Senior Accountant (Capital programmes), presented the report providing the Committee with an update on the forecasted outturn for 2023-24 and a balanced budget for 2024-25, highlighting the following:

- (a) for the forecast 2023-24 outturn, Bridge Estate Trust has seen little movement between the original budget and the forecast outturn, with a slight reduction in the

operating surplus;

- (b) a reduction in rental income is forecast in the 2024-25 budget, with a prudent assumption in relation to lease breakages and rental increase. Bridge Estate Trust will be monitoring its Revenue Position throughout the financial year updating the budget as required following detailed reports from Property Services;
- (c) according to Charity Commission guidelines the accounts for 2022-23 and the annual return were required to be submitted by the 31st January 2024. This deadline was missed due to availability of resources within the Council;
- (d) the external audit of the 2022-23 accounts identified a net misstatement of £0.013m within debtors and the bad debt provision. This was not corrected within the 2022-23 financial accounts due to being deemed immaterial. In some instances, external auditors were unable to use lease agreements to verify the rent received, and there are some aged invoices raised by the Council to Bridge;
- (e) during 2023-24 concerns were raised regarding the financial management of the Bridge Estate funds. Committee members were assured that the statement of accounts is compiled in accordance with the relevant accounting standards, with transfers between the Unrestricted to Endowment funds is in accordance with the regulation not as reported. The charity has made a surplus of £268,100 after paying the grant to the Council of £750,000, which is split between the Unrestricted Fund and the Endowment Fund;
- (f) the Committee should review the process where residue income is transferred to the Council. As part of this review consideration should be given as to whether the charity should engage with an independent external advisor due to perceived or actual conflicts of interest between officers acting on behalf of the Council and the Charity.

The following points were raised during the discussion which followed:

- (g) the grant to the Council is the same despite the reduced operating surplus because the unearmarked reserve has a healthy balance. The grant is expected to be lower next year based in the current forecast;
- (h) when the Charity Commission were informed that the deadline for their return would be missed they raise no concerns and no penalty was raised. The deadline is expected to be met for 2023-24 due to additional resource in the finance department;
- (i) independent external advice will need to be sought at a cost, as investigations into with Nottingham Community Voluntary Services have been unsuccessful. Draft questions will be shared with Committee members before going out and contacting specialists.

Forecast 2023-24 Outturn

Resolved to

(1) note the surplus forecast for 2023-24 is £0.678m, compared to the original approved budget surplus of £0.751m (approved at Trust and Charity Committee 27 March 2023);

(2) approve the allocation of the forecasted surplus as follows:

	Approved Budget (March 2023)	Current 2023-24 Forecast	Movement
Contribution to Bridge Repair Reserve	£100,000	£100,000	£0
Contribution to property Repair Reserve	£100,000	£100,000	£0
Grant payable to City Council	£571,000	£571,000	£0

(3) approve the Bridge Estate budget for 2024-25, noting the forecast surplus of £0.400m for allocation to achieve its charitable objectives.

Bridge Estate budget 2024-25

Resolved to

(4) note that the final accounts and annual return for Bridge Estate, Harvey Hadden & Highfield Leisure Park have been signed and submitted to Charity Commission;

(5) note any movements between the draft accounts presented to the Committee and the final version;

(6) note the external audit findings report for Bridge Estate.

Financial Accounts 2022-23

Resolved to

(7) confirm, following a review, the Bridge Estate funds have been used in accordance with the regulations;

(8) agree to review the process through which it provides funds to Nottingham City Council during the next financial year with a view to implementing a new process for 2025/26 to ensure it continues to meet the following charitable objective: ‘To apply the residue of any income as the trustees thinks best for the improvement of the City of Nottingham and the public benefit of its inhabitants.’;

(9) agree that external independent advice is required to review the contributions to Nottingham City Council alongside its charitable objectives and ensuring the Charity is achieving Value for Money;

Bridge Estate reserve policy 2024-25

Resolved to

- (10) approve and formally adopt the Reserve Policy for 2024-25;**
- (11) note that the Reserve Policy will be monitored through 2024-25 and will be subject to an annual review in March 2025.**

31 Bridge Estate Charity - Property Update Report

Bevis Mackie, Corporate Portfolio and Investment Manager, presented the report informing the Committee of the position of the Bridge Estate Portfolio since the last meeting.

Resolved to note the updates relating to the individual Bridge Estate properties

32 Exclusion of the public

The Committee agreed to exclude the public from the meeting during consideration of the remaining 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.

33 Exempt Minutes

The exempt minutes of the meeting held on 18 December 2023 were confirmed as a true record and signed by the Chair.

34 Bridge Estate Charity - Property Update Report - Exempt Appendix

Bevis Mackie, Corporate Portfolio and Investment Manager, presented the exempt appendix to the report which informs the Committee of the position of the Bridge Estate Portfolio since the last meeting.

Resolved to approve the recommendations set out in the exempt appendix