

Nottingham City Council

Corporate Scrutiny Committee

Minutes of the meeting held at Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG on 13 September 2023 from 10.02 am - 12.00 pm

Membership

Present

Councillor Leslie Ayoola (Chair)
Councillor Sam Harris
Councillor Patience Uloma Ifediora
Councillor Imran Jalil
Councillor Devontay Okure
Councillor Andrew Rule
Councillor Naim Salim

Absent

Councillor Georgia Power

Colleagues, partners and others in attendance:

Shabana Kausar	- Director of Finance and Deputy S151 Officer
Councillor David Mellen	- Leader of the Council and Portfolio Holder for Strategic Regeneration and Communications
James Rhodes	- Director of Policy, Performance and Communications
Damon Stanton	- Scrutiny & Audit Support Officer
Laura Wilson	- Senior Governance Officer
Councillor Audra Wynter	- Deputy Leader and Portfolio Holder for Finance and HR

1 Appointment of Vice Chair

Members agreed to defer the item to the next meeting of the Committee.

2 Apologies for Absence

Councillor Georgia Power – work commitments

3 Declarations of Interest

None.

4 Committee Terms of Reference

The Committee received a report of the Statutory Scrutiny Officer which outlined the Terms of Reference for the Committee. The report was to provide clarity for its

purpose, objectives, and rules of operation so that it could operate efficiently and effectively and contribute to good governance. The report also contained the Overview and Scrutiny Protocol. Both had been agreed at a meeting of Council and were outlined in the Council's Constitution.

Resolved to note the report.

5 Work Programme 2023-24

The Committee received a report of the Statutory Scrutiny Officer which outlined the draft Work Programme for the 2023/24 Municipal Year. The following points were made:

- a) There was a consensus that reports should be timely so that due consideration and effective pre scrutiny could take place.
- b) Attention was drawn to the prioritisation process, and the Committee noted that this was best practice guidance and drew on the recommendations made by the Centre for Governance and Scrutiny. The Committee was reminded that ultimately this was a Councillor led Work Programme and they determined matters that the Committee should consider.
- c) The Committee agreed that they should be mindful of the resource pressures the Council was currently experiencing, and that re-prioritisation may be necessary if officers were under resourced in certain services.

6 Change in Order of Agenda Items

With the agreement of the Chair, items within this agenda were reordered as set out within these Minutes.

7 Future Meeting Dates

The Committee requested that the October meeting be rescheduled due to prior commitments affecting a significant proportion of the Committee. The Senior Governance Officer agreed to investigate the possibility of moving the date to the following week, and would notify the Committee as soon as possible.

Resolved to agree to meet at 10am on the following Wednesday's, subject to the October meeting being rescheduled:

18 October 2023
15 November 2023
13 December 2023
14 February 2024
13 March 2024

8 Finance Update

The Committee welcomed the Deputy Leader and Portfolio Holder for Finance and HR, and the Director of Finance and Deputy Section 151 Officer to the meeting.

The Committee received a presentation which provided an overview of the Council's financial position from the perspective of the past, present, and future and to outline the Council's approach to budget setting. The following points were highlighted:

The past

- a) The approved budget was £229.649 million for 2022/23
- b) There had been a £9.766 million (4.29%) net overspend in the General Fund in the 2022/23 provisional outturn.
- c) There had been transformation savings of £1.465 million.
- d) Key drivers for the overspend included increased demand on services, increased levels of social care, increased costs and inflationary pressures, a nationally agreed pay agreement which was above the 2022/23 budgetary provision, and an income shortfall.
- e) There had been a net movement of -£5.56 in the Council's reserves.

The present

- f) The approved budget for 2023/24 was 261.832 million.
- g) There was currently a net overspend projected of £25.894 million (9.89%) and urgent corrective action was needed.
- h) There was a total of £39.471 million in approved savings. Of those, £15.671 million were Transformation savings. It was, however, stated that 51% of those forecasted savings were at risk of non-delivery. Those non-savings were fed into the overall general fund reported overspend.
- i) The key drivers to this overspend included increased demand on services, non-delivery of Transformation savings, increased costs and inflationary pressures, a nationally agreed pay agreement, and income shortfall.
- j) The Committee noted the proposed urgent phase 1 interventions which had been agreed by DLT and CLT and included targeted non-essential spend and vacancy management. Phase 2 was a service led duties and powers review which was expected to be completed by the end of October.

The future

- k) The Committee was informed about the financial context in which the Council found itself in such as operating in a high inflation economy and increasing interest rates from historic lows.
- l) The Director of Finance set out the Council's approach to budget setting. The Committee heard about the Medium Term Financial and Budget Strategy deliverables and objectives. Those included setting a balanced budget, establishing financial resilience, delivering transformation, and addressing emerging pressures which were unavoidable.
- m) The Committee heard that the projected budget gap for 2024/25 was £50.903 million.
- n) The Committee noted that the balance of overall funding had altered in recent years, with a greater proportion coming from Council Tax and specific social care funding with significantly less coming from Revenue Support Grant (RSG).
- o) The Director of Finance outlined other MTFP assumptions such as pay and contractual inflation, demand and service pressures, undelivered and phased

savings, government grants and contributions, core funding, mitigations and approach, and previously approved savings, technical adjustments, and reserves.

- p) The Committee was informed in more detail about the Service Led Duties and Powers Review which aimed to determine the Council's ability and capacity to mitigate as far as it reasonably could the pressures currently faced for it to consider the level at which services were delivered. A duty was a legal obligation to provide a service with some form of discretion. A power was a discretionary ability or capacity to act or do something.

In the subsequent discussion, the following points were made:

- a) The Committee enquired about the status of pending accounts yet to be signed off by the auditors. It was stated that there were a number of reasons why the Council had been unable to sign off its accounts from previous years including resource issues, technicalities, and complexities with the accounts of Robin Hood Energy. The Committee noted that this was not unusual and that other Local Authorities in the Country were in a similar situation regarding unaudited accounts. The accounts for 2019/20 were due to be resolved imminently and that 2020/21 and 2021/22 were currently being progressed.
- b) The importance of accurate and reliable forecasts were recognised.
- c) The Committee expressed concern with the 51% risk of non-delivery to planned transformation savings and that this risk was putting pressure on the 2023/24 accounts. The Director of Finance clarified that a Transformation and Oversight Board regularly scrutinised the delivery of transformation savings to ensure delivery and that work was currently being conducted with the transformation team to establish exactly what was at risk of non-delivery. A Financial Intervention Strategy has been agreed by CLT. She was confident that the Council could steer back on course but that it may take time and go into future years. The Committee noted that an update on the Transformation Programme was due at the October meeting.
- d) Enquiries were made about the budgetary overspend and what was being done to address that in specific departments. The Director of Finance reiterated that financial interventions were being made and work was ongoing with Corporate Directors to reduce any overspend.
- e) The Committee discussed ways in which Members could be more involved in the budget setting process, for example, Officer briefing Councillors at group meetings, and Officers attending scrutiny meetings.

The Committee thanked the Deputy Leader and Portfolio Holder for Finance and HR, and the Director of Finance and Deputy Section 151 Officer for attending the meeting.

9 Improvement and Assurance Board - Instructions Update

The Committee welcomed the Leader of the Council and Portfolio Holder for Strategic Regeneration and Communication, and the Director of Policy, Performance and Communication to the meeting to give an update on the Government's Statutory Intervention of the Council. They highlighted the following points:

- a) The Council was working to 39 instructions issued by the Improvement and Assurance Board (IAB). The Board was granted those powers in September 2022.
- b) The IAB met monthly and submitted a report to Government quarterly. The Council was waiting on the Government's response to the latest report which was issued in July. The outcome of this could determine whether commissioners were appointed and/or a change in status to the IAB.
- c) The 39 instructions had been given in February 2023 and all had delivery dates. 30 of the instructions were due before the end of August 2023.
- d) The IAB's view was that further work was needed in some areas prior to completion.
- e) A further 5 instructions were due for completion before the end of September 2023 which included historic account finalisation, capital receipts, evaluation of shareholder unit effectiveness, workforce development, and Ofsted recommendations. The Council was on track to submit evidence of progress made on the instructions by the deadline.
- f) The key areas of focus for the Council included financial resilience and controls, risk and good governance in decision making, and cultural change.

In response to the presentation, the following points were made:

- a) The Committee discussed risk and the importance of it being balanced and proportionate. There was a consensus that some level of risk was necessary and used Nottingham City Transport as an example of a hugely successful project which required some element of risk. The Committee agreed that risk should be accompanied with robust and good governance.
- b) It was clarified that the Council had no input to the instructions set which were put forward independently by the IAB.

The Committee thanked the Leader of the Council and Portfolio Holder for Strategic Regeneration and Communication, and the Director of Policy, Performance and Communication for attending the meeting.