

Nottingham City Council

Corporate Scrutiny Committee

Minutes of the meeting held in the Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG on 24 July 2024 from 9:33am to 12:05pm

Membership

Present

Councillor Samuel Gardiner (Chair)
Councillor Angela Kandola (Vice Chair)
Councillor Patience Uloma Ifediora
Councillor Imran Jalil
Councillor Georgia Power
Councillor Andrew Rule

Absent

Councillor Sarita-Marie Rehman-Wall
Councillor Naim Salim

Colleagues, partners and others in attendance:

Rebecca Dennis - Equality, Diversity and Inclusion Project Delivery Lead
Shabana Kausar - Director of Finance
Adrian Mann - Scrutiny and Audit Support Officer
Lee Mann -
Gareth Sayers - Development and Change Manager
Damon Stanton - Scrutiny and Audit Support Officer
Councillor Linda Woodings - Executive Member for Finance and Resources

10 Apologies for Absence

Councillor Sarita-Marie Rehman-Wall – caring responsibility
Councillor Naim Salim – unwell

11 Declarations of Interests

None

12 Minutes

The Committee confirmed the minutes of the meeting held on 29 May 2024 as a correct record and they were signed by the Chair.

13 Budget Strategy

Councillor Linda Woodings, Executive Member for Finance and Resources, and Shabana Kausar, Director of Finance, presented a report on the Council's 2025/26 Budget Strategy. The following points were raised:

- a) A number of Local Authorities nationally are struggling with high costs in relation to their statutory duties around adult social care, children in care and homelessness and rough sleeping. In Nottingham, a significant budget gap has meant that a Section 114 Notice was issued in November 2023 to control all non-

required spending, and the Government then appointed Commissioners for the Council from January 2024. The 2023/24 budget outturn figures have been completed and work is underway to plan for the 2025/26 budget – where the Council will still be facing the same substantial demands on its statutory services, with a large budget gap to fill.

- b) The current Budget Strategy is in place to inform the approach to forecasting the Council's 2025/26 budget requirements (and associated shortfalls) effectively, to seek to mitigate the need to make any significant in-year adjustments, with initial budget proposals to be established for September. The current Exceptional Financial Support (ESF) package agreed by the Government, enabling the Council to use capital receipts from the Asset Rationalisation programme to fund revenue costs, is in place until the close of 2025/26, but will then come to an end.
- c) Currently, the future annual budgets within the period of the four-year Medium-Term Financial Plan (MTFP) are set on the basis of no increase in the Council Tax rate which, along with the Business Rates, is the Council's most significant source of income. Council Tax rises could be assumed, but decisions on this have not yet been made and it is not currently clear what the national cap on Council Tax increases will be for coming years. It is also not yet known what the value of the future Local Government Finance Settlements will be.
- d) Inflation remains high in the wider economy, leading to the delivery of certain services being more expensive – particularly in the context of Adult Social Care. However, interest rates are remaining stable, so the Council has been able to generate a steady income from this.
- e) Work to establish the 2025/26 Budget Strategy began ahead of the development of the Council's new Improvement Plan, which is being taken to Full Council (along with the Commissioners' formal Exit Strategy) during August. However, the Budget Strategy is fully aligned with the aims and objectives of the Strategic Council Plan, with a very clear focus on delivering financial sustainability. The Council must deliver its services within the level of funding available, and work is underway to understand the likely impacts of the Improvement Plan on the Council's financial position.
- f) The Budget Strategy has been drafted on the basis of five major principles and sets out seven strategic objectives – which are inter-dependent with the ten outcomes of the Strategic Council Plan. The Strategy is intended to inform a 2025/26 budget that will be viable and sustainable in the long-term, to seek to avoid further recourse to ESF from the Government.
- g) In order to close the current budget gap, all options to deliver savings and efficiencies must be considered. Benchmarking with other similar Local Authorities is underway to ensure that the Council's statutory services are delivered in a streamlined way to the best possible value, which may require significant transformation to take place. The approach to developing the next budget will seek to identify the key areas of focus for delivering active transformation to ensure that the Council can run as efficiently as possible while still supporting the most vulnerable people effectively. A great deal of work is

being done to establish the Council's required base budget clearly, to inform what level of support still may need to be sought from national Government.

- h) In terms of the development timetable, the current aim is to produce a draft budget by November to go out to public consultation in December. The final budget proposals would then be submitted to Full Council for approval at the end of February 2025.

The Committee raised the following points in discussion:

- i) The Committee asked how the Council would ensure that its reliance on ESF was reduced over time. It was reported that, generally, a Local Authority can borrow as a means of meeting costs. Currently, however, the Council has a voluntary debt reduction policy in place – so the ESF is being used to enable capital receipts to be deployed to meet revenue costs in the short-term. A radical redesign of how statutory services are provided is required to reduce the revenue cost gap, so that the Council can meet its future service costs in full. A great deal of work is being done to ensure best value in the Council's commissioning and procurement processes, and there will be a close focus on developing effective partnership working, maximising income and paying down debts. The structure of management and of departments is being reviewed, and digital provision is being expanded.
- j) The Committee queried whether the Council's Asset Rationalisation Programme was being successful in generating the capital receipts required to meet the Council's current revenue shortfall. It was explained that a clear assessment policy and disposals methodology are in place to identify a pipeline of surplus properties for disposal, and that the receipts arising to date had covered the budget shortfall in the previous year – with new sales identified to deliver the receipts needed for the current year. There is a continuing programme to review all Council assets and whether they are surplus to requirement – but, whenever possible, the Council will avoid disposing of any assets that generate a regular and viable income, even if they are located outside of the city. The value and timings of disposing of more complex assets will need to be considered carefully so that it is clear in which year the income will be received, but the Council is able to carry out some new borrowing in the context of bridging the flow of capital receipts.
- k) The Committee asked how the disposal of important community assets could be avoided. It was reported that all of the Council's property assets have associated revenue and capital liabilities. The Council must work to ensure that it can deliver its statutory services effectively, in the first instance. Where the Council continues to provide community assets directly, these must have an effective use and achieve best value. However, although the sustainability of all Council assets must be considered, the disposal of property that does not represent a community asset is being considered first.
- l) The Committee asked what the main priority areas for achieving savings were likely to be in the 2025/26 budget. It was set out that all directorates must review the full range of potential savings options. However, it will not be possible to implement all needed efficiency work at once, so activity will need to be prioritised

against the available resources for effective delivery. Currently, directorates are working to generate high-level ideas for savings proposals and the level of savings that these might achieve. Developed ideas will then go through a robust review process to ensure that they will be deliverable within a given timeframe.

- m) The Committee asked what key assumptions lay behind the current Budget Strategy. It was explained that the Strategy represents the framework within which the Council will approach developing a budget to deliver the outcomes of the Strategic Council Plan. The current budget assumptions are clearly set out in the MTFP and they are tested regularly. The Commissioners are also involved in the focused work being done to ensure that the challenges to achieving a properly balanced budget are addressed now, so that they do not continue to be a recurring issue in future years. A great deal of activity is taking place to address target areas of overspend within Children's and Adults' Social Care.
- n) The Committee sought assurance that robust processes were in place to monitor how savings were being delivered, and queried how accountability for the delivery of savings would be ensured. It was reported that effective measures are in place to ensure that the progress being made in the delivery of the Council's budget is properly monitored. There are also clear structures for ensuring that the base budgets for key services are viable and deliverable, and for identifying and addressing any in-year issues that arise. However, unforeseeable situations can occur that have in-year impacts, such as national or global events that create volatility in the wider economy. The Budget Strategy sets out the themes and categories to be developed (and the required timelines) and needs to be understood in the context of the Strategic Council Plan, Improvement Plan and the Commissioners' Exit Plan.
- o) The Committee asked how effective transformation had been delivered to date, and how delivery was being monitored. It was explained that a great deal of continual review and improvement activity is required to make the Council the organisation that it needs to be. Wholesale organisational change must be planned and delivered effectively, rather than transformation being done in a piecemeal way at the individual directorate level. A large amount of transformation work has been undertaken to date, and there has been a great deal of activity to streamline transformation processes so that action is more focused and efficient. Ultimately, it is vital that transformation is planned and resourced effectively so that it delivers the right savings in the right period.
- p) The Committee asked how the Council intended to engage with the new Government on the significant cost pressures facing Local Authorities nationally. It was set out that work is underway with the other Core Cities to approach Government and seek to feed into its development of policy around addressing the major challenges faced by cities.
- q) The Committee queried how required savings from previous budgets that had not been achieved were now being addressed. It was explained that there is a significant focus on deploying resources for early intervention on issues so that they do not grow and create larger costs in the future. The Council must deliver a balanced budget, but careful work is being done to ensure that this is achieved through the right approaches to service delivery. However, the savings set out in

previous budgets must be achieved, ultimately, to address the current budget gap.

- r) The Committee asked how the most vulnerable families would be supported in the current context of rising costs and reducing services. It was set out that the Council was working hard to engage with the Government on how the challenges facing its statutory services could be mitigated at the national level. The provision established through Council Tax Support Scheme is under active review, and activity is taking place to find new ways of support the most vulnerable as much as possible. The Council will seek to preserve the current provision delivered through Resident Services wherever it can.
- s) The Committee sought assurance that the budget forecasts set out in the MTPF were accurate, and that the projected overspends could be reduced. It was reported that the current forecasts had been developed in a robust way, and that deliverable savings are being developed on the basis of the information available currently.
- t) The Committee asked how the Council's investment portfolio was being used to support its overall budget. It was explained that the investment portfolio represents cash on the Council's balance sheet that is managed as part of the Treasury Management function. The purpose of a budget is to set out how the Council's income will meet its expenditure – with the current revenue shortfall being addressed by capital receipts generated as part of the EFS. The Council's current cash is fully allocated either to expenditure or for reserves. Interest rates are currently good and some income from investments can contribute to the General Fund resources, but some of the income may also be for ring-fenced purposes.
- u) The Committee noted that, currently, the local NHS was proposing to make significant savings within its budgets both for the current year and for 2025/26. It advised that, as such, both the City Council and Nottinghamshire County Council would need to work together to ensure that cost burdens were not transferred to the Local Authorities' statutory services as a result.
- v) The Committee considered that the current assumption being used in the MTFP that Council Tax would not be increased in future years resulted in an understatement of the Council's income, and therefore an overstatement of the budget gap – meaning that service areas could be pushed to find budget savings that were not actually required. It noted that the MTFP would be updated as more information became known, but remained concerned that an assumption of probable Council Tax increase was not being used for the purposes of accurate budget forecasting.

The Chair thanked the Executive Member for Finance and Resources and the Director of Finance for attending the meeting to present the report and answer the Committee's questions.

Resolved:

- 1) To recommend that a more detailed and methodical approach to the Budget Strategy is developed so that delivery progress can be monitored clearly throughout the year.**
- 2) Alternatively, to request that assurance is provided in writing that the current Strategy is sufficient to ensure that the budget is balanced and forecast accurately.**
- 3) To recommend that a long-term decision is taken on the Council Tax levels for future years so that this income can be incorporated it into the Medium-Term Financial Plan.**

14 Equality, Diversity and Inclusion Strategy - Action Plans

Councillor Linda Woodings, Executive Member for Finance and Resources, Lee Mann, Strategic Director of Human Resources (HR) and Equality, Diversity and Inclusion (EDI), Gareth Sayers, Development and Change Manager, and Rebecca Dennis, EDI Project Delivery Lead, presented a report the Action Plans for the implementation of the Council's new EDI Strategy. The following points were raised:

- a) The activity to ensure a positive and fully inclusive workplace culture at the Council is being developed into the new EDI Strategy. Employee disciplinary and grievance processes have been updated and a new and improved approach to performance management is now in place. A culture mapping process is underway currently and a full staff survey is being planned for the end of the year. The results of these exercises will be used for effective benchmarking against other similar Local Authorities, to ensure that best practice is being embedded.
- b) Four Action Plans have been developed as part of the Strategy to deliver an Inclusive and Representative Workforce, Inclusive and Accessible Services for Citizens, A Progressive and Equitable City, and Economic Growth for All. These Action Plans include focused actions to be taken to implement the ambitions and desired outcomes of the Strategy, and have associated targets and measures that will be used to track and monitor delivery progress.

The Committee raised the following points in discussion:

- c) The Committee asked whether the Council would be making a submission to the Stonewall Workplace Equality Index on an annual basis. It was explained that the Council would be in a position to make a full submission to the Index every 2-3 years, given the costs (both financial and in terms of officer time and resources) of making the application. However, the Council will always be doing the work required to achieve the Stonewall standards, with a full staff survey planned towards the end of the year as the next formal review point.
- d) The Committee asked how it would be ensured that the EDI Strategy was deliverable and that its outcomes could be demonstrated. It was reported that the Strategy was being developed to support the delivery of the overall Strategic Council Plan. Engagement has been carried out with the relevant Council

services to make sure that the specific Action Plans within the Strategy are fully deliverable, so that the most vulnerable people will be properly protected and supported. The Council publishes information regularly on its ethnicity, disability and gender pay gaps, and work has been done to set out the representation of staff with protected characteristics across all pay grades. There has been close analysis of the workforce trends over a ten-year period and new dashboards for the effective reporting of information are now in place, and have received positive feedback from managers.

- e) The Committee queried how Nottingham people would be consulted directly as part of the development of the EDI Strategy, and how this would be resourced. It was set out that individual Council services would engage directly with their service users, but that work would be done at the corporate level to ensure that the proper capacity was in place to do this effectively. The Action Plans are in the process of being finalised in August, with the consultation process to be launched during September or October.
- f) The Committee asked how managers would be supported in delivering the requirements of the EDI Strategy. It was explained that work is underway to ensure that effective exit interviews are carried out for as many colleagues leaving the Council as possible, to identify any equalities issues that they had experienced. A full programme of culture change is in place, which has been embedded into the new individual performance review process. Managers are encouraged to take the widest possible feedback from their colleagues as part of a holistic approach and opportunities for formal 360-degree feedback are in place.
- g) The Committee asked how it was ensured that employees could feel confident and safe in speaking up about any problems. It was reported that a clear whistleblowing policy is in place and that there is a process for an employee to go to a higher manager or to HR if there is an issue with their immediate line manager. Cross-team mentoring and buddying schemes have also been implemented.
- h) The Committee observed that, due to the equality issues that had been identified within the Council previously, proper external benchmarking must be ensured as part of demonstrating clear improvement progress – to go beyond relying solely on internal self-assessment.
- i) The Committee noted that its previous recommendations in relation to the EDI Strategy from its meeting in May had not yet been replied to, and emphasised that the requirement of the Constitution is that recommendations from a Scrutiny Committee are responded to fully and in writing within two months.

The Chair thanked the Executive Member for Finance and Resources, the Strategic Director of HR and EDI, the Development and Change Manager, and the EDI Project Delivery Lead for attending the meeting to present the report and answer the Committee's questions.

Resolved:

- 1) To recommend that the public are engaged with effectively as part of the consultation process for the Equality, Diversity and Inclusion (EDI) Strategy.**
- 2) To recommend that, prior to publication, assurance is provided that the individual services provided by the Council meet the EDI needs of Nottingham residents, and that the expectations of those services align with the Strategy.**

15 Work Programme

The Chair presented the Committee's current Work Programme for the 2024/25 municipal year. The following points were raised:

- a) The Committee considered that, following its review of the Equality, Diversity and Inclusion (EDI) Strategy as it related to the Council's staff, the Committee should seek a briefing from the Executive Member for Communities, Waste and Equalities on how the Council approaches meeting the EDI needs of Nottingham people in its delivery of services to them.
- b) The Committee noted that it would be important to be able to understand the current financial outcomes of the savings set out in the 2024/25 budget, and the accuracy of its forecasts and assumptions, as part of the process for planning for the 2025/26 budget – particularly in the context of any savings set out in the 2024/25 budget that might not be achieved.

The Committee noted the Work Programme.