



## **Nottingham City Council Executive Board**

**Date:** Tuesday, 18 June 2024

**Time:** 2.00 pm

**Place:** Ground Floor Committee Room - Loxley House, Station Street, Nottingham,  
NG2 3NG

**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

<b>Agenda</b>	<b>Pages</b>
<b>1 Apologies for Absence</b>	
<b>2 Declarations of Interests</b>	
<b>3 Minutes</b> Minutes of the meeting held on 21 May 2024, for confirmation	3 - 8
<b>4 Provisional Outturn 2023-24</b> Report of the Executive Member for Finance and Resources	9 - 44
<b>5 2025-26 Budget Strategy</b> Report of the Executive Member for Finance and Resources	45 - 68
<b>6 Nottingham Economic Growth Plan</b> Report of the Executive Member for Skills, Growth and Economic Development	69 - 128
<b>7 Regulation of Investigatory Powers (RIPA)</b> Report of the Executive Member for Finance and Resources	129 - 166
<b>8 Acceptance and expenditure of Green's Windmill MEND fund grant for the Nottingham City Museum Service</b>	167 - 178

Report of the Executive Member for Carbon Reduction, Leisure and Culture

- |           |  |           |
|-----------|--|-----------|
| <b>9</b>  | <b>The Disposal of Investment Property Assets from the Property Trading Account</b><br>Report of the Executive Member for Skills, Growth, Economic Development and Property  | 179 - 186 |
| <b>10</b> | <b>Disposal of the former Central Library, Angel Row, Nottingham</b><br>Report of the Executive Member for Skills, Growth, Economic Development and Property   | 187 - 192 |
| <b>11</b> | <b>Exclusion of the Public</b><br>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 & 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 |           |
| <b>12</b> | <b>Exempt Minutes</b><br>Exempt minutes of the meeting held on 19 March 2024, for confirmation   | 193 - 194 |
| <b>13</b> | <b>The Disposal of Investment Property Assets from the Property Trading Account - Exempt Appendix</b>  | 195 - 214 |
| <b>14</b> | <b>Disposal of the former Central Library, Angel Row, Nottingham - Exempt Appendix</b>   | 215 - 224 |

All items listed 'under exclusion of the public' will be heard in private for the reasons listed in the agenda papers. They have been included on the agenda as no representations against hearing the items in private were received.

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 are advised that this meeting may be recorded, including 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](http://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, Nottingham on 21 May 2024 from 2.00 pm - 2.32 pm**

#### Membership

Present

Councillor Neghat Khan (Chair)  
Councillor Ethan Radford (Vice Chair)  
Councillor Cheryl Barnard  
Councillor Jay Hayes  
Councillor Corall Jenkins  
Councillor Pavlos Kotsonis  
Councillor Sam Lux  
Councillor Linda Woodings

Absent

Councillor Kevin Clarke

#### Colleagues, partners and others in attendance:

Beth Brown	- Head of Legal and Governance
Ross Brown	- Corporate Director for Finance & Resources
Nancy Cordy	- Head of Strategy and Service Improvement, Public Health
Lucy Hubber	- Director of Public Health
Tony McArdle	- Lead Commissioner
Colin Parr	- Corporate Director for Community, Environment and Residents Services
Paul Seddon	- Director of Planning and Regeneration
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 30 May 2024. Decisions cannot be implemented until the working day after this date.

#### 1 Apologies for Absence

Mel Barrett  
Sajeeda Rose

#### 2 Declarations of Interests

None.

#### 3 Minutes

The Board confirmed the minutes of the meeting held on 19 March 2024 as a correct record and they were signed by the Chair.

#### **4 Levelling Up Funding for Bulwell Town Centre Regeneration**

Councillor Neghat Khan, Executive Member for Strategic Regeneration, Transport and Communications, presented the report regarding £19.867M of capital funding from the Department for Levelling Up, Housing and Communities (DLUHC) that has been awarded to the City Council to deliver Bulwell Town Centre regeneration.

It is envisaged that this investment will create jobs, increase footfall, improve trade, increase access to high quality green space, restore heritage and unlock a programme of culture and creative events, helping Bulwell restore its pride and complement recent transport infrastructure investment in the area.

##### **Resolved to**

- (1) accept the £19.867M of Levelling Up Funding secured from the Department for Levelling Up, Housing and Communities to deliver a town centre regeneration in Bulwell;**
- (2) delegate acceptance of the Memorandum of Understanding, subject to the satisfactory review of the obligations contained therein, to the Corporate Director for Growth and City Development in consultation with the Corporate Director of Finance and Resources;**
- (3) approve £19.867m of expenditure into the capital programme funded by Levelling Up Funding, subject to signing the funding Memorandum of Understanding and if further third-party matched funding is secured to enhance the scheme it is approved into the Capital Programme through the relevant governance route;**
- (4) delegate final project approval, initiation of procurement activities and appointment of the contractor/s to deliver the project to the Corporate Director for Growth and City Development and through engagement with the Portfolio Holder for Strategic Regeneration and Communications, give final project approval;**
- (5) delegate approval to enter into any licences or legal agreements, as required to deliver the project, to the Corporate Director for Growth and City Development;**
- (6) delegate approval to enter into any licences or legal agreements, as required to deliver the project, to the Corporate Director for Growth and City Development.**

##### Reasons for decisions:

- The Levelling Up Funding represents a significant opportunity to invest in Bulwell Town Centre.
- Delegating acceptance of the Memorandum of Understanding, subject to the satisfactory review of the obligations on the Council it contains, will enable the

project to progress to programme.

- Delegating final project approval, initiation of procurement activities and appointment of the contractor/s to deliver the project will ensure that pre-contract work can progress to programme within the funding spend window.
- Delegating approval to enter into third party land agreements, will ensure that if there should be the requirement for any works to be undertaken on third party land the appropriate agreements can be entered into. This will be determined by Land Registry Title Searches undertaken as pre contract work.
- Delegating approval to enter into any licences or legal agreements required to deliver the project, will ensure that if these are required the appropriate licences/agreements can be entered into. Licences/legal agreements may be required in relation to the historical shop/building frontage works or for enhancements associated with the River Leen.

Other options considered:

- Not to accept Levelling Up funding. This was rejected as this would not provide regeneration of Bulwell Town Centre.

## **5 Use of ring-fenced public health grant allocation 2024/25**

Councillor Pavlos Kotsonis, Executive Member for Adults Social Care and Health, presented the report setting out the planned use of the totality of the Ring-Fenced Public Health Grant (RFPHG) 2024-25 allocation for Executive Board's approval. This is an important part of the strengthened governance processes to provide assurance that all RFPHG expenditure is eligible, and has been recognised as best practice by the Office of Health Improvement and Disparities (OHID).

Along with all other unitary and upper tier authorities, Nottingham City Council receive an annual public health grant allocation from the Department of Health and Social Care (DHSC). The public health grant allocation for 2024/25 has been confirmed as £37,202,982. The public health grant is ring-fenced and must only be used where the main and primary purpose is public health. The public health grant conditions set out a range of prescribed and non-prescribed public health activity against which public health grant expenditure must be reported.

**Resolved to note and endorse:**

- **the additionality of the 2024/25 Public Health Grant of £0.588m from £36.615m in 2023/24 to £37.203m in 2024/25;**
- **the use of £32.574m of the ring-fenced public health grant for 2024/25 for activity commissioned and grant funded directly by public health (as set out in 2.6, Tables 1-4), in order to improve the health and wellbeing of Nottingham's population, in line with agreed relevant strategies and plans, and in line with the public health commissioning framework, and**

- **the use of £4.629m of the ring-fenced public health grant for 2024/25 to wider Council services (as set out in 2.6, Table 5) to enable the delivery of additional activity which will contribute to improved health and wellbeing outcomes for Nottingham's residents.**

Reasons for decisions:

- Nottingham City's RFPHG allocation for 2024/25 has been confirmed as £37.203m. The grant is ring-fenced for use on public health functions, meaning that the main and primary purpose of all grant expenditure is public health. The local authority circular published alongside the grant allocation sets out the conditions that apply to the grant, as well as reporting requirements. Receipt of the RFPHG supports the local authority to meet its duty to improve the health and wellbeing of the local population.
- The National Health Service Act (2006) includes a statutory duty to be informed by the health needs of the local population when deciding on the most appropriate use of the RFPHG. The Joint Strategic Needs Assessment, published on Nottingham Insight, identifies the health and wellbeing needs of the local population. This has informed the Integrated Care Strategy (for Nottingham and Nottinghamshire), the Joint Local Health and Wellbeing Strategy for Nottingham, the Public Health Divisional Plan and the Strategic Council Plan. The public health commissioning framework set out the principles and processes through which these strategies and plans, alongside other relevant drivers are translated into commissioned (and grant-funded) services/activity. The planned use of the RFPHG allocation in 2024/25, as set out in this report, is assessed as being the most appropriate allocation of resource to ensure the delivery of activity required within the conditions of the grant, as well as address the health and wellbeing needs of the local population, in line with the aforementioned statutory duty, strategies and plans.
- The conditions in which people are born, grow, live, work and age have a profound influence on health and health inequalities. Local authorities have a key role to play in shaping these conditions, and as a consequence also have a key role in terms of improving the health and wellbeing of their local population (in line with statutory duties). It is recommended that RFPHG continues to contribute to a range of wider Council services (as set out in 2.6, Table 5) in order to enable the delivery of additional activity which improves health and wellbeing. Arrangements are in place to ensure effective ongoing joint working and regular review of contributions to provider assurance that all RFPHG expenditure continues to be eligible.

Other options considered:

- There are very clear terms and conditions relating to the use of the RFPHG. Alongside the implementation of the agreed transition plan (2022/23-2024/25) public health governance processes have been strengthened to provide confidence that commissioned services deliver best impact (in relation to health and wellbeing outcomes) within the total resource available. All decisions relating to RFPHG expenditure are considered by Public Health Programme Board (PHPB). PHPB must be assured that the recommended option is an eligible,

effective and efficient use of the RFPHG prior to onward consideration and approval in line with Council processes. Consideration of alternative options is a key part of this process.

## **6 Future High Streets Fund - Reallocation of Funding**

Councillor Neghat Khan, Executive Member for Strategic Regeneration, Transport and Communication, presented the report seeking authorisation to reallocate the Angel Row Future Highstreets Fund (FHSF) grant to an alternative project at Broad Marsh, specifically the Community Diagnostics Centre (CDC) on Lister Gate in partnership with the Nottingham Universities Hospitals Trust (NUHT).

### **Resolved to**

- (1) agree to discontinue the Angel Row element of the FHSF project on the grounds that it is undeliverable;**
- (2) approve the reallocation of FHSF grant funding from the Angel Row project to support the delivery of the Community Diagnostics Centre (CDC);**
- (3) delegate authority to the Corporate Director for Growth and City Development to sign the MOU once/if revisions are agreed with DLUHC;**
- (4) delegate authority to the Corporate Director of Growth and City Development to agree any subsequent grant agreement and MOU with NUHT.**

### Reasons for decisions:

- The decisions will allow the FHSF Grant to be retained by the city rather than being returned to DLUHC and utilised within the funding conditions.
- The additional funding will enable an optimised and enhanced CDC development to be delivered which will bring increased health, social and environmental benefits to the city.

### Other options considered:

- **Alternative Schemes:** Alternative schemes within the capital programme have been considered for the utilisation of this funding, however the recommended project needed to meet the FHSF funding criteria and conditions. The alternative projects that have been investigated have ultimately been discounted due not fully meeting the funding criteria, timescales and budgetary requirements. It has therefore been determined that the NHS Community Diagnostics Centre (CDC), proposed for Lister Gate, is the most appropriate opportunity to deliver the outcomes required by the FHSF and would enable the grant to be utilised within the city and within the funding constraints.
- **Detailed Grant Agreement to specify works:** The advantage of this type of agreement is that it would give the Council greater certainty that NUHT will deliver

specific outputs as the Council expects and within the expected timescale and budget. However, a potential disadvantage is that if the Council uses the agreement to impose substantial detailed obligations on NUHT, there is a risk that this could bring the agreement within the scope of a public works contract and so be subject to public procurement legislation. This is not possible within the timeframes and an open procurement exercise is not appropriate for this scheme delivery which is being led by the NUHT.

- Forfeit FHSF Grant: Without support for the CDC project, Officers would recommend forfeiting the FHSF grant associated with the Angel Row Creative Cooperative to DLUHC.

## **7 Dates of future meetings**

**Resolved to meet on the following Tuesdays at 2pm:**

- **18 June 2024**
- **16 July 2024**
- **17 September 2024**
- **22 October 2024**
- **19 November 2024**
- **17 December 2024**
- **21 January 2025**
- **11 February 2025**
- **18 March 2025**
- **22 April 2025**

## **8 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, Paragraph 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.**

## **9 Future High Streets Fund - Re-allocation of Funding - Exempt Appendices**

The Board noted the exempt appendix.



**Executive Board – 18 June 2024**

<b>Subject:</b>	Provisional Outturn 2023/24
<b>Corporate Director(s)/Director(s):</b>	Ross Brown, Corporate Director Finance and Resources, S151 Officer
<b>Executive Member(s):</b>	Councillor Linda Woodings, Executive Member for Finance and Executive
<b>Report author and contact details:</b>	Shabana Kausar, Director of Finance and Deputy S151 Officer
<b>Other colleagues who have provided input:</b>	<ul style="list-style-type: none"> <li>• Corporate Leadership Team</li> <li>• Colleagues within respective departmental leadership teams</li> <li>• Transformation Team</li> <li>• Colleagues within Technical, Strategic and Commercial Finance Teams</li> </ul>
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a) <input checked="" 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	
<b>and/or</b>	
(b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Type of expenditure:</b>	<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
<b>Total value of the decision:</b> c£73m	
<b>Section 151 Officer expenditure approval</b>	
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:	
<b>Commissioner Consideration</b>	
Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Any comments the Commissioners wish to provide are listed below.	
This report sets out the provisional outturn for 2023/24. It indicates a significant net overspend on the General Fund. Given its medium term financial position, it is imperative that financial management is strengthened and where overspends are indicated, sufficient attention is given to identify mitigations as soon as possible.	
<b>Wards affected:</b> All	
<b>Date of consultation with Portfolio Holder(s):</b> TBC	
<b>Relevant Council Plan Key Outcome:</b>	
Green, Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input checked="" type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input checked="" type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Living Well in our Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input checked="" type="checkbox"/>
Improve the City Centre	<input checked="" type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>

**Summary of issues (including benefits to citizens/service users):**

This report provides an assessment of the Council's 2023/24 provisional outturn position for the General Fund, Housing Revenue Account (HRA) and the Capital Programme based on activity to the end of the Period 12 (31 March 2024)

As seen across many other local authorities, the Council is also experiencing significant overspends relating to social care and temporary accommodation. At the end of Quarter 4 (Period12), the Council has a net General Fund overspend of c£17.568m to be funded from Exceptional Financial Support (EFS).

The overall overspend is mainly dealing with the impact of rising costs due to continued high level of inflation, increase in demand and complexity of need and costs of social care, SEND transport and temporary accommodation and the impact of cost of living crisis which also affects important income streams of the Council. The Spend Control Policy and Board set-up over the original 21-day prohibition period since the issuance of the S114(3) report was approved by City Council in December 2023 to remain in place until 31 March 2025. All spend decisions are approved by the Section 151 Officer, once these have been through the respective Corporate Director Spend Control Panel approval process.

Due to the Council's systems and processes it is difficult to disaggregate the financial impact of the spend measures but through the actual reduction in forecasted net expenditure between Period 9 and Period 12 a correlation can be made that the spend measures have impacted in reducing the spend.

Councils are required to deliver a balanced budget each year ensuring that the projected expenditure and commitments can be matched by the available resources in year. As set out above the Council continues to face significant budget pressures and uncertainty, including increased demand for services, alongside the current backdrop of slow growing economy, continued high inflation and the precedent number of Councils who are declaring in-year financial crisis leading Council S151 Officers continuously assessing ability of their respective Councils in setting a balanced budget.

The 2023/24 net General Fund budget approved by Council was £261.832m. At the end Period 12, the General Fund is reporting a net **budget overspend of £17.568m** (6.71%). This is a net decrease of £1.748m since the last reported period (£19.316m net overspend at Period 9). The key drivers of this significant forecast variances are summarised below:

- **People** are forecasting a **net overspend of £22.892m** (£20.789m net overspend at Period 9) of which;
  - **£8.537m net overspend** (£5.439m net overspend at Period 9) relates to **Adults** largely driven by external care placement costs.
  - **£15.030m net overspend** (£15.480m net overspend at Period 9) relates to **Children's** mainly due to demand overspends relating to Children in Care placements.

- **£0.661m net overspend** (£0.431m net overspend at Period 9) relates to **Education** which is mainly due to a overspend of around £1.188m on Special Education Need and Disabilities transport costs offset by vacancies (£0.9m) and £0.4m overspend on the catering provision.
- **(£1.352m) net underspend** ((£0.560m) net underspend at Period 9) relates to **Commissioning and Partnerships** and is mainly due to staff vacancies.
- **Communities Environment and Resident Services** have an outturn position of a **net underspend** of **(£4.339m)** (£1.744m net underspend forecast at Period 9) mainly due to improved income levels across Sport & Leisure and Enviroenergy alongside staff vacancies and reduced running costs
- **Growth and City Development** have a **net overspend** of **£2.083m** (£1.734m net overspend at Period 9) mainly due to increased pressure on expenditure on building repairs and maintenance as well as overspends on homelessness.
- **Finance and Resources** are reporting a **net overspend** of **£2.909m** (£3.237m net overspend at Period 9) largely driven by a combination of staffing pressures, previous budget savings and historic structural budget issues.
- **Chief Executive** are reporting a **net underspend** of **(£0.131m)** ((£0.024m) net underspend at Period 9) is largely due to staff vacancies.
- **Companies'** area is reporting a **net underspend** of **(£0.316m)** mainly due to receipt of one-off dividend income.
- **Corporate** budget is reporting a **net underspend** of **(£5.532m)** ((£4.326m) net underspend at Period 9) is largely due to in-year pay award overspend of £9.1m which is offset by underspend across treasury management budgets due to combination of investment income, early repayment of debt and minimum revenue provision savings.

At Period 12 **56.8% of Transformation Programme savings** have been **delivered** (45.8% at Period 9) with **£6.765m of non-delivered** savings included within the 2023/24 net General Fund overspend of c£17.568m.

Significant overspends continue to be forecasted across all services, a large proportion of the overspend in 2023/24 is recurring which has been factored into the 2024/25 Budget and Medium-Term Financial Plan growth process. Whilst recurring budget pressures have been reflected as growth items, in-year underspends due to additional income and/or reduced spend have also been reflected through the 2024/25 budget saving approach of the Duties and Powers Framework. This is particularly the case for the underspends in Community, Environment, Resident services, Growth and City Development and Corporate budget areas.

The **Housing Revenue Account** is projecting a net underspend of **(£2.884m)** ((£6.091m) at Period 9). The reduction in the underspend is due to an increased direct revenue financing contribution to avoid borrowing so as to finance the capital programme.

The **2023/24 capital programme** was revised to £261.160m as reported to Executive Board in February 2024 and City Council in March 2024. The programme is reporting a significant

<p>outturn variance (£55.666m) against the profiled budget in 2023/24 of which:</p> <ul style="list-style-type: none"> <li>• £50.812m is being slipped into future years with a net underspend (£47.961m General Fund and £2.851m HRA)</li> <li>• (£4.854m) net underspend: <ul style="list-style-type: none"> <li>○ (£9.246m) underspend relating to NCC General Fund schemes of which £0.644m relates to schemes that have overspent and includes (£7.432m) underspend in relation to EFS.</li> <li>○ £4.466m overspend relating to Midlands Net Zero Hub where the Council is the accountable body. The overspend is fully funded by grant income.</li> <li>○ (£0.074m) net underspend relating to HRA for schemes that have ended</li> </ul> </li> </ul>
<p><b>Does this report contain any information that is exempt from publication?</b></p> <p>No</p>
<p><b>Recommendation(s):</b></p>
<p><b>1)</b> To note the net outturn of £283.990m. on the General Fund Revenue budget of £261.832m as set out in section 3 Table 1 which is a net overspend of £17.568m (6.71%).</p>
<p><b>2)</b> To agree that the overspend of £17.568m will be funded from the EFS through capital receipts</p>
<p><b>3)</b> To note progress on the Transformation Programme savings of £15.671m as set out in section 4, Table 3 with £8.906m (56.8%) delivered and £6.765m (43.2%) non-delivery.</p>
<p><b>4)</b> To note the outturn underspend of (£2.884m) (2.4%), on the HRA against a gross budget of £119.924m as set out in section 5 Table 4.</p>
<p><b>5)</b> To note the 2023/24 Capital Outturn position of net capital slippage of (£50.812m) and net underspend of (£4.854m) and approve the following:</p> <ul style="list-style-type: none"> <li>• General Fund and Accountable Body slippage of (£47.961m) to be carried forward and reprofiled across the medium term financial plan.</li> <li>• HRA net slippage of (£2.851m) to be reprofiled across the medium term financial plan (paragraph 6.3).</li> <li>• £5.150m overspent capital projects to be funded from a combination of grant and revenue contributions as detailed in Appendix 2</li> <li>• (£10.004m) underspent across various capital projects which are now complete and for which budget will not be carried forward into the new year, as set out in Appendix 2.</li> </ul>
<p><b>6)</b> To note the provisional General Fund balance of £24.203m and reserves of £186.732m, and HRA balance and reserves of £130.913m (section 7).</p>

## 1. Reasons for recommendations

- 1.1 This report forms a key part of formal General Fund Revenue, Capital and HRA monitoring against the 2023/24 budget.
- 1.2 Throughout the report budget overspends are shown as a positive number, whilst any underspends are shown as a negative number.
- 1.3 The General Fund (section 3) revenue outturn at Period 12 is **£279.401m** against an approved budget of **£261.832m**, an overspend of **£17.568m** (6.71%). A summary of key variances is set out in section 3.

1.4 The Period 12 revenue outturn for the HRA (section 6) is an underspend of **(£2.884m)** (2.4%) against a gross budget of **£119.924m**.

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

2.1 As set out in the report summary above, councils are required to deliver a balanced budget each year ensuring that the projected expenditure and commitments can be matched by the available resources in year. The Council continues to face significant budget pressures and uncertainty, including increased demand for services, the continued long-term impact of COVID-19 alongside the current backdrop of the cost of living crisis including most notably the rising inflation and interest rates, makes it's a challenging resource environment for the Council to operate in, where a small demand change can lead to material budget variance.

2.2 The overspend will be funded by Exceptional Financial Support flexibility as confirmed by DLUHC in February 2024.

### 2.3 **Section 114(3) Report Impact**

2.3.1 On 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 for the Section 151 Officer to formally notify the Council that in his professional opinion, the Council was unable to meet its statutory requirement to deliver a balanced budget for 2023/24, as the expenditure of the Council incurred (including expenditure it proposed to incur) in the 2023/24 financial year was likely to exceed resources (including sums borrowed) available to it to meet that expenditure.

2.3.2 A legal Prohibition Period came into force from 29 November 2023 and was in place until day after the City Council meeting on 18 December 2023. During this period:

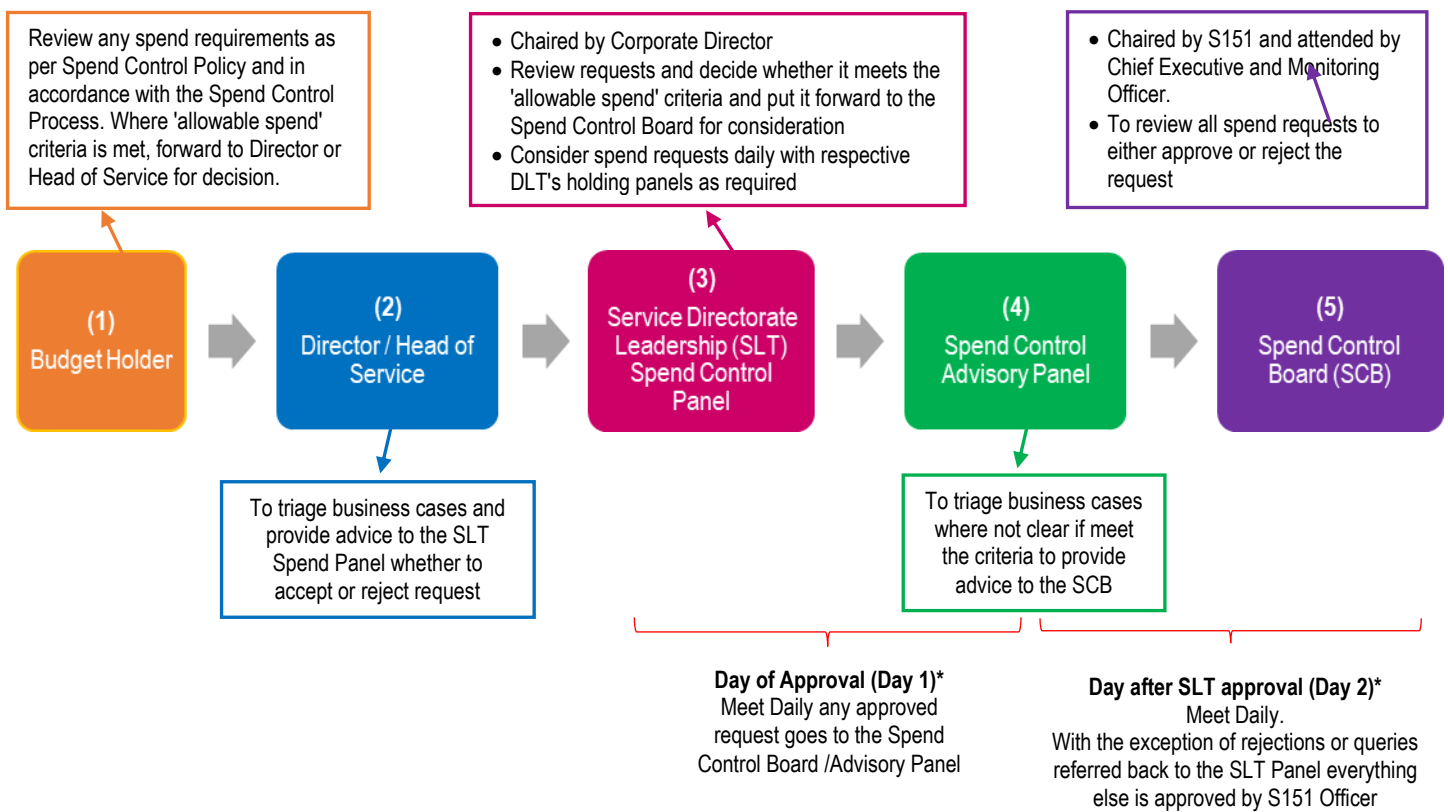
- Delegations authorising the incurring of spend were suspended – Officers and Members
- Daily Spend Control Board meeting chaired by the Section 151 Officer was put in place to advise on spend request decisions which were recommended by respective Directorate Spend Control Panels.
- No new agreements were permitted to be entered into by the Council that might incur expenditure without explicit authority of the Section 151 Officer.
- Section 151 Officer provided authority only if the agreement concerned was likely to:
  - prevent the financial situation from getting worse
  - improve the situation, or
  - prevent the situation from recurring.
- Allowable Spending over this period required explicit approval of the Section 151 officer and was only approved where it comprised of:
  - essential spending to meet the Council's legal duties (to the minimum levels required) or meet existing legal commitments

- externally funded spending, where the Council would lose external funding if approval were not given
- spending where a robust business case has been considered and agreed by the Spend Control Board.

### Spend Control Process

2.3.3 To ensure compliance with the above, the Section 151 Officer implemented a Spend Control Policy and issued council-wide instruction regarding new requests to spend. A Spend Control Board, chaired by the Section 151 Officer, attended by the Chief Executive and Monitoring Officer meet daily to review and consider spend requests.

2.3.4 Setout below is the spend control process decision stages and timeframe.



\* There maybe periods of exception as the timeline are true in majority of cases

2.3.5 The process for spend approval involves any spend decisions made without the authorisation of the Section 151 Officer during this period will be deemed ultra vires and will be reviewed as a disciplinary matter.

2.3.6 In addition to departmental spend control panels there are also the following panels in place:

- HR panel which considers decision on employee related decisions including vacancies. The panel is an extension of the previous Vacancy Management panel.

- Placement Panels across Adults and Children's managed by the directorate leads reviewing placement packages including new placements and changes to existing packages.

### **Impact of Spend Controls**

- 2.3.7 Although it is difficult to fully disaggregate from the in-year financial transactions the financial impact of the spend measures, but through actual reduction in expenditure since 29 November 2023 a correlation can be made that the spend measures have made a positive impact in reducing the spend some of which would be in relation to delayed and/or deferred spend or stop of discretionary spend e.g., repairs and maintenance, recruitment etc. Between November 2023 and April 2024 10,632 spend requests have been raised and reviewed at the appropriate levels totalling £879.453m. Of these 492 requests have been rejected with a value of £83.536m. Further examples of spend control impact (where possible) are included within the variance narrative set out in section 3 below.

### **Review of Spend Control Process**

- 2.3.8 As set out in the 'Response to Section 114 Report – Financial Recovery Plan' report to City Council on 18 December 2023, the review of the current spend control process is being undertaken end of Period 2 to identify changes that can be made to the current process in continuing to optimise the benefit the spend control policy has brought whilst looking to both minimise the administrative burden (as appropriate) and improve the process.

## **2.4 Exceptional Financial Support**

- 2.4.1 A request for Exceptional Financial Support (EFS) was made on 12 January 2024 in accordance with DLUHC deadline for up to c£65m.
- 2.4.2 On 27 February 2024, the Council received an 'in principle' confirmation from the MP Simon Hoare, Minister for Local Government, confirming the Secretary of States intention to grant the Council with an EFS of up to c£66.143m (£25m in 2023/24 and £41.143m in 2024/25) subject the Council accepting the conditions and the EFS value. A joint letter on 28 February 2024 from the Councils Leader (Councillor Mellen), Chief Executive (Melbourne Barrett) and the Commissioner (Margaret Lee) has been sent to the Minister accepting the EFS including the respective conditions.
- 2.4.3 The Council has continuously worked to minimise the level of EFS required in 2023/24 through the implementation of the spend control measures, a positive outcome of this can be seen through the reduced overspend from c£24m at Period 6 to c£18m at Period 12 (provisional outturn); and is committed to continue to minimise the levels required in 2024/25.
- 2.4.4 However, based on the provisional outturn being reported the Council, is anticipating to drawdown £17.568m of EFS to fund the General Fund overspend.

## **3. 2023/24 General Fund Revenue Outturn**

- 3.1 As set out above, the Corporate Directors took mitigating actions to contain expenditure within the approved budget. Where overspends cannot be contained within a single department, the Corporate Leadership Team explored those issues and agreed how they would manage within the overall approved General Fund Budget for the Council.
- 3.2 Table 1 below summarises the **net General Fund overspend of £17.568 (6.71%)** and when compared to the Period 9 position of £19.316m which shows a positive movement of (£1.748m).
- 3.3 Significant variances were held across all services at the end of the year, with a large proportion of recurring overspends and recurring or one-off underspends and/or income included as either growth, savings or released through technical reviews within the 2024/25 Budget and Medium Term Financial Plan (MTFP) process. For instance, a large proportion of the in-year underspend in treasury management has been captured as one-off mitigation with c£4m being released to fund one-of General Fund contingency in 2025/26.
- 3.4 Corporate Directors continue to identify mitigating actions to contain expenditure within the 2024/25 approved budget and to improve budget management and data quality with the support of the finance team to improve the robustness of financial management arrangements and the financial forecast. Where overspends cannot be contained within a single department, the Corporate Leadership Team will explore and agree immediate actions to manage the impact of these for the forthcoming year.
- 3.5 The Corporate Leadership Team have been ambassadors of the agreed spending measures controls and have been leading on changing spending behaviours within their respective directorates and identifying mitigations in the short term. As set out above the spending control measures aim to reduce and eliminate non-essential.
- 3.6 A number of virements were actioned between Period 9 and Period 12 which have been approved in accordance with previous delegated authority to the Director of Finance sought from Executive Board in March 2024.

<b>Table 1: 2023/24 Revenue Outturn against budget</b>				
<b>Directorate</b>	<b>2023/24 Current Budget £m</b>	<b>2023/24 Actual £m</b>	<b>2023/24 Outturn Net Variance £m</b>	<b>Period 9 Reported Net Variance £m</b>
Adults	89.350	97.887	8.537	5.439
Public Health	(0.000)	0.000	0.000	0.000
Children's	67.764	82.795	15.030	15.480
Education	3.428	4.089	0.661	0.431
Commissioning & Partnerships	3.346	1.993	(1.352)	(0.560)
Schools Forecasting	0.191	0.208	0.017	0.000
Schools (Forecast Exclusions)	(0.191)	(0.191)	(0.000)	(0.000)



**Table 1: 2023/24 Revenue Outturn against budget**

Directorate	2023/24 Current Budget £m	2023/24 Actual £m	2023/24 Outturn Net Variance £m	Period 9 Reported Net Variance £m
subtotal: People	163.889	186.781	22.892	20.789
Communities, Environment & Resident Services	55.406	51.067	(4.339)	(1.744)
Growth & City Development	(10.905)	(8.821)	2.083	1.734
Finance & Resources	39.361	42.271	2.909	3.237
Chief Executive	4.080	3.950	(0.131)	(0.024)
<b>Total Departments</b>	<b>251.831</b>	<b>275.247</b>	<b>23.416</b>	<b>23.992</b>
Companies	(0.034)	(0.350)	(0.316)	(0.350)
Corporate	10.035	4.504	(5.532)	(4.326)
<b>Total</b>	<b>261.832</b>	<b>279.401</b>	<b>17.568</b>	<b>19.316</b>

3.7 Explanations for the significant overspends and underspends are set out below.

### 3.8 People

3.8.1 Overall, the People's directorate is reporting a **gross budget overspend of £37.526m** (£36.037m in Period 9) which is partly being off-set by in-year management and corrective actions, reducing the **net forecasted overspend to £22.892m** (net overspend £20.789m at Period 9) which is largely due to the following:

a) **Adults'** service outturn position is a significant **gross budget overspend of £15.994m** which is partly being off-set by in-year one-off management and corrective actions totalling £7.457m, bringing the **net forecasted overspend to £8.537m** (£5.439m as at Period 9) which is mainly drive by:

- £19.512m gross expenditure overspend relating to External Care Purchasing (£15.929m at Period 6) primarily due to the impact of ongoing pressures experienced in 2022/23 which have continued in the current financial year combined with slippage in the delivery of 2023/24 savings. This is offset by additional contribution from health and clients towards care costs as a result of inflation and increased demand (£4.029m), additional health funding increase through the Better Care Fund (£0.157m) and management action to improve level of direct payment recoveries (£0.419m) reducing the net pressure to £14.558m.
- £0.312m net underspend across Disabled Children's Service (£0.043m overspend at Period 9) mainly due employee vacancy savings (£0.549m) which are partly offset by budget pressure across Children's Community Care Direct Payments.
- (£0.844m) net underspend across Assessment and Care Management (£0.669m net overspend at Period 6) due to net employee vacancies across

several Teams totalling (£0.158m), additional Better Care Fund income of (£0.458m) and several other small favourable variations across assessment and care management totalling (£0.228m).

- (£0.797m) net underspend across In House Care Services ((£0.491m) underspend at Period 6) primarily due to an underspend of (£0.431m) on employee vacancies, (£0.198m) due to the removal of the Night Care Service forecast as part of budget mitigations and additional Better Care Fund income of (£0.242) offset by net overspend of £0.074m across other in-house service budgets.
  - (£4.068m) net underspend across Other Adult Social Care Services ((£4.052m) underspend at Period 6) mainly due to a combination of the following;
    - Realignment of Market Sustainability and Improvement Fund (£3.383m) and use of Containing Outbreak Management Fund (£1.282m) to fund eligible activities.
    - £0.843m increase in required contribution to Adult Social Care Bad Debt Provision,
    - (£0.267m) other net underspends across various budget lines within the service area including staff vacancies and anticipated benefit from the new Brokerage Team against external care costs/packages.
- b) **Children's** service is reporting a significant **gross budget overspend of £21.532m** which is partly being off-set by in-year one-off management and corrective actions totalling £6.502m, bringing the **net forecasted overspend to £15.030m** (£15.480m as at Period 9) which is largely due to:
- £21.815m gross budget pressure relating to External Care Purchasing (£19.636 gross budget pressure at Period 9) due to a combination of caseload and costs, particularly the demand exceeding budget across external residential (including unregulated) by c£16.6m, independent fostering agency by c£2.4m and semi-independent placements by c£2m. At the end of January 2024, c£7m of the forecasted spend is relating to unregulated provision of which c£5m is included within the forecasted overspend. This will be offset by (£4.391m) additional funding from a combination of grants and health contributions i.e., dedicated schools grant, and unaccompanied asylum-seeking children grant, reducing the net pressure to £17.424m. This includes the transformation approved savings of £1.101m allocated to the Children in Care budget.
  - A balanced budget across the Children's Social Care Directorate. With £0.427m net overspend (relating to non-delivery of approved transformation programme savings. This is offset by £0.265m underspend on internal legal fees and additional underspends across the service of £0.162m.
  - (£1.543m) net underspend across internal provision ((£0.952m) net underspend as reported at Period 9) largely due to lower levels of utilisation within internal fostering than budgeted forecast.

- (£0.796m) net underspend relating to staffing costs (£0.537m underspend as reported at Period 9) of which (1.086m) underspend relates to staff vacancies within the Early Help service and a net pressure of £0.290m across the First Response service, with regards to high level of agency within the Emergency and Duty Team service.
  - £0.055m additional underspend across the service relating to insurance recharge adjustments.
- c) **Education** service is reporting a **gross budget overspend of £1.747m** which is partly being off-set by in-year one-off management and corrective actions totalling £1.086m, bringing the **net forecasted overspend to £0.661m** (£0.431m as at Per) which is largely due to:
- £1.188m net overspend (£0.855m at Period 9) relating to Special Education Needs and Disability (SEND) transport which is a demand led service.
  - (£0.527m) net underspend (£0.325m underspend at Period 9) relates to traded services with schools. This includes an overspend on the Catering provision to schools of £0.404m which is offset by underspends relating to employee costs across Education Psychology service of (£0.320m), Inclusive Education of (£0.329m), and Education Partnerships of (£0.260m). The balance is an underspend of (£0.022m) for the insurance recharge adjustments.
- d) **Commissioning net underspend of (£1.352m)** (£0.560m underspend at Period 9) largely due staff vacancies driven by issues with recruitment. The transfer of the Personalisation Hub from Adults in quarter 4 reflects the movement in underspend from Period 9, due to additional vacancies.

### 3.9 Community, Environment and Resident Services

3.9.1 Overall, the Community, Environment and Resident Services directorate is reporting a **net underspend of (£4.339m)** (£1.744m underspend at Period 9), which mainly is due to the following key areas:

- a) **Communities** service is showing an outturn position of a **net underspend of (£0.274m)** (£0.899m net overspend as at Period 9) which is largely due to:
- £0.208m net overspend across Community Safety and Logistics (£0.880m at Period 9) is due to a combination of:
    - £0.500m 2022/23 unachievable commissioning saving and £0.200m overspend primarily relating to historic budget issues.
    - Additional income of (£0.685m) has been recognised at year end relating to Slavery Exploitation Risk Assessment Conference and Public Health income totalling (£0.485m) (only (£0.126m) recognised up to Period 9) and one-off Afghan Hotel and Asylum Dispersal grants of (£0.200m)
    - Other net variance of £0.193m.
  - £0.847m net overspend with regards to Markets (£0.857m at Period 9).

- (£0.357m) net underspend in Environmental Health and licensing ((£0.150m) at Period 9), employee underspend of (£0.454m) including early recognition of 2024/25 savings and extended non-recruitment of vacancies.
  - (£0.381m) net underspend across Security Service is driven by additional demand led income and reduction in anticipated spend for camera replacement rollout following issuance of Section 114(3) report. Also, confirmed in-year HRA recharges recognised, and additional utility pressure funding received in Period 12.
  - (£0.374m) net underspend across Uniformed Services is driven by increased leavers in year and ongoing vacancies not being recruited giving rise to early recognition of some 2024-25 savings.
  - (£0.217m) other net underspend across various budget lines.
- b) **Resident Services** is reporting a year end **net overspend of £1.697m** (£1.936m net overspend as at Period 9) which is largely due to non-qualifying revenue recharges to capital following capital charges review in Highways of £2.024m (£2.525m forecast at Period 9). This is partially offset by income generation and savings on staffing in Waste and Street Cleansing department of (£0.991m) ((£0.333m) forecast at Period 9).
- c) **Environment and Sustainability** service is reporting an **underspend of (£2.837m)** ((£2.143m) net underspend at Period 9). Within Enviroenergy there is a gross underspend of (£3.375m) mainly due to the 2024 Tariff uplift, including lower than expected reduction in sales volume and enhanced export rate to the National grid. There is also an underspend in Utilities of (£1.109m) ((£0.894m) underspend at Period 9) due to the milder winter this year. Sinking funds have also been established to mitigate requirements in the coming year to undertake repairs and maintenance and replace essential assets, in order to maintain running of the district heating plant and to establish options for the future of the service.
- d) **Sports and Culture** service is reporting a **net underspend of (£2.769m)** ((£2.539m) net underspend at Period 9) largely due to a combination of:
- Sports & Leisure net underspend of (£1.230m) ((£1.153m) underspend forecast at Period 9). The total underspend is due to the better than expected income recovery following the pandemic of £0.669m), reduced staffing costs (in anticipation of the 2024/25 MTFP reductions) of £0.331m), and the impact of S114 spending control measures on running costs of (0.230m).
  - Libraries net underspend of (£0.554m) ((£0.571m) forecast at Period 9). This is mainly due to the delayed re-opening of Central Library and Sherwood Library, and not recruiting to vacancies.
  - Museums net underspend of (£0.624m) ((£0.903m) forecast at Period 9) due to requests to carry forward unspent resources for urgent works. The underspend is due to reduced costs at the Castle ((£0.147m) staff vacancies, (£0.233m) running costs and (£0.118m) income improvement), and (£0.126m) improved income following a highly rated exhibition and spending control measures.

- Theatre & Concert Hall net underspend of (£0.268m) (£0.096m overspend forecast at Period 9). This improvement is due to reduced costs including holding staff vacancies, and improved income from shows in the last quarter.
- Underspends of (£0.093m) relating to various activities and budget lines within the directorate.

e) **Other net underspends of (£0.156m)** (£0.086m net overspend at Period 9) relating to various budget lines.

### 3.10 Growth and City Development

3.10.1 Overall, the Growth and City Development directorate is reporting a **net overspend of £2.083m** (£1.734m net overspend at Period 9), which mainly is due to the following key areas:

a) **Housing** service is forecasting a **net underspend of (£0.609m)** (£0.554m net overspend at Period 9

- £0.869m net overspend relates homelessness and is in relation to:
  - £0.210m net overspend relates to non-delivery of savings of which £0.175m relates to funding substitution and £0.036m relates to no children to be housed in flat.
  - Increase in homelessness cases across bed and breakfast (B&B) driven by a combination of residents presenting themselves homeless, those remaining in temporary accommodation and cost of placements. Since the last monitor the forecast has reduced by c£1.16m mainly due to a few factors. Firstly, the delay in recruitment for Housing Solutions, some of the Homelessness Prevention Grant that was allocated to support staff and prevention budgets in Housing Solutions was not required and so was instead used to offset B&B costs. Secondly, the service received an additional unexpected grant award from DLUHC that it was able to utilise to support this budget. Thirdly the general hotel rates continued to remain lower than anticipated which reduced costs. In addition to this, officers managed to secure a number of block booking contracts for temporary accommodation towards the end of the year which secured a volume of accommodation at lower room rates than would otherwise have been possible.
- £0.520m net recurring income pressure with regards income share from council subsidiary being higher than budget.
- (£1.084m) net underspend relates to Housing Solutions and is largely due to £0.312m overspend with regards to non-delivery Housing Aid restructure which is offset by an underspend relating to staff vacancies (including pay award) because of the delay in implementing the restructure.
- (£0.744m) underspend across Regeneration Team largely due to staff vacancies.

b) **Planning and Transport** service is forecasting a **net underspend of (£0.478m)** (£1.275m) net underspend at Period 9) driven by a combination of the following:

- (£0.315m) net underspend on Concessionary Fares largely due to a combination of reduction in the reimbursement rates to operators and the patronage levels dropping over the winter period than originally forecasted.
  - (£0.246m) net underspend mainly due to a combination of employee vacancies across the Traffic and Flood Risk teams and temporary scaling back of programmed discretionary activities within the traffic service.
  - (£0.030m) net underspend includes overspend of £0.375m relating to a combination of agency staff costs and reduced income across Building Control (£0.274m) and Planning (£0.101m) service areas and an underspend of (£0.202m) in Transport largely relating to income.
- c) **Major Projects** service is forecasting a **net overspend of £0.021m** (£0.176m net overspend at Period 9) largely due to reduction in the capital recharging rates.
- d) **Facilities Management and Building services** is forecasting a **net overspend of £1.227m** (£0.847m net overspend at Period 9), mainly due to:
- c.£1.000m non-delivery of savings in reactive maintenance of which 50% is undeliverable due to ring-fenced school budgets and the other 50% is due to delays in centralisation. This is partially offset by an underspend of (£0.550m) in planned maintenance as pledged during the year in relation to the school repair budgets outlined above. However, there has been an additional pressure due to a reduced income of £0.495m as a result of spend controls reducing the volume of repairs and maintenance work undertaken and therefore fee's chargeable for the Mechanical and Engineering function in the last quarter.
- e) **Strategic Assets and Property** service is forecasting a **net overspend of £2.028m** (£1.472m net overspend as at Period 9) which is mainly due to:
- Main Operational Buildings net overspend £0.758m – largely due to £0.705m pressure on Loxley House as a result of a combination of historic recurring budget pressures (£0.535m) and unmet savings in the current year (£0.200m).
  - Completed Regeneration Schemes net overspend £0.821m – mainly due to Science Park Phase 2 being vacant which has led to an income pressure from rent losses.
  - Asset Management, Property Directorate and Estates Management net overspend £0.233m mainly relating to net cost of interims staff.
  - Investment Property net overspend of £0.219m is largely due to one of the properties having a high void level than budgeted.
  - Development & Disposals net overspend £0.208m net overspend due to disposal costs such as valuations and auction fees outstripping the funding available.
  - Property Trading Account net underspend of (£0.476m) due to better performance than anticipated on rents.
  - Net underspend of (£0.130m) across range of budget areas offsetting pressures above.

- Other areas across the directorate are reporting a net underspend of (£0.105m) ((£0.012m) net underspend at Period 9).

### 3.11 Finance and Resources

3.11.1 Finance and Resources directorate is reporting a **net overspend of £2.909m** (£3.237m net overspend at Period 9) which mainly is in relation to:

- a) **Customer Services** is estimating a **net overspend of £2.215m** (£1.358m net overspend at Period 9) which is largely due:
  - £1.1070m recurring pressure relating budget shortfall against original estimated budget in relation to in-sourcing of revenues and benefit service.
  - £1.145m savings pressure relating to business support now consolidated within Customer Services.
- b) **Finance** is forecasting a **net overspend of £0.249m** (£0.800m net overspend at Period 9), of which £1.9m net pressure relates to staff pressures due to a large number of essential vacancies filled by agency. This pressure is partly offset by contributions from reserve, DSG and HRA. Also included within this area is £0.175m cost of external consultancy work with regards to control remediation.
- c) **Legal and Governance** department are forecasting a **net overspend £0.539m** (£0.531m net overspend at Period 9) which is primarily due to a combination of historic unachievable income targets and use of locums to undertake essential works contributing to a net pressure of £0.300m.
- d) **Information Technology** service are forecasting a **net overspend of £0.155m** (£0.486m net overspend at Period 9) mainly due to £0.131m income target pressure within Training and Commercialisation. This target was reduced by £0.070m in the 2023/24 MTFP process but continues to remain a pressure in the current year.
- e) **Other** areas across the directorate are reporting a **net underspend of (£0.249m)** ((£0.062m) net underspend at Period 9 largely driven by £0.779m non-achievement of centrally held contractual spend saving which is partly off set by net underspend due to staff vacancies across Audit and Risk, HR (£0.103m), and Procurement services (£0.925m).

### 3.12 Chief Executive

3.12.1 The Chief Executive directorate is reporting a **net underspend of (£0.131m)** ((£0.024m) net underspend at Period 9) mainly due to staff vacancies.

### 3.13 Companies

3.13.1 The Companies budget is forecasting a **net underspend of (£0.316m)** largely driven by receipt of one-off dividend from council subsidiary for the financial year 2022/23.

### 3.14 Corporate

3.14.1 The Corporate budget is forecasting a **net underspend of (£5.532m)** which is largely driven by a combination of the following key items:

- £9.1m budget overspend relating to 2023/24 pay award (£8.5m at Period 9) paid out to staff in December 2023.
- (£7.1m) underspend in treasury management is due to a combination of early debt repayment (£1.7m) and additional net investment income forecasted to be received on estimated cash balances held for the year as a result of interest rates.
- (£2.6m) underspend relating to in-year minimum revenue provision (MRP) reviews.
- (£2.6m) net underspend driven by release of non-release of budget relating to prior year business rates liabilities for Council owned properties now settled and accounted within respective department outturn and funded from alternative source.
- (£1.5m) underspend on pension deficit and pension strain due to additional contribution from the HRA (£0.9m) and schools and grant funded costs (£0.6m) identified through year-end review.
- (£0.8m) of additional one-off grant funding announced and received in quarter 4.

### 4. Savings

4.1 The total savings approved by Executive Board in February 2023 for the MTFP period 2023/24 to 2026/27 was £72.462m, of which, savings profiled for 2023/24 were £36.915m. Table below provides the profile for approved savings.

<b>Table 2: Savings Approved as at February 2023 - Medium-Term Financial Plan Period 2023/24 – 2026/27 (Incremental)</b>					
<b>Directorate</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Total £m</b>
Adults	(4.856)	(6.753)	(5.564)	(4.364)	(21.537)
Children's	(4.233)	(2.812)	(1.999)	(0.309)	(9.353)
Education	(0.961)	(0.246)	(0.040)	(0.050)	(1.297)
Subtotal: People	(10.050)	(9.811)	(7.603)	(4.723)	(32.187)
Communities, Environment & Resident Services	(4.118)	(0.422)	(0.712)	0.000	(5.252)
Growth & City Development	(3.594)	(6.956)	(3.537)	(7.949)	(22.036)
Finance & Resources	(4.832)	(1.476)	(0.564)	0.000	(6.872)
Chief Executive	(0.045)	0.030	0.000	0.000	(0.015)
Corporate	(14.275)	8.175	0.000	0.000	(6.100)
<b>Total General Fund Savings</b>	<b>(36.915)</b>	<b>(10.459)</b>	<b>(12.416)</b>	<b>(12.672)</b>	<b>(72.462)</b>



## 4.2 Non-Transformation Savings Delivery

4.2.1 The 2023/24 overall savings totalling £36.915m includes Directorate savings of net £21.244m. Delivery against the directorate led savings is positive with £20.431m **(96%) delivered**. Those Directorate savings that have under-delivered in 2023/24 will require mitigation plans that will be monitored alongside delivery of 2024/25 savings. Table below provides a non-transformation saving summary by directorate.

Table 3a: Non-Transformation Savings						
Directorate	2023/24 £m	% Delivered Period 12	Blue - Delivered £m	Green - On Track £m	Amber - At Risk £m	Red - Non- Delivery £m
Adults	(0.794)	88.74%	(0.705)	0.000	0.000	(0.089)
Children's	(0.313)	99.99%	(0.313)	0.000	0.000	0.000
Education	(0.961)	71.63%	(0.689)	0.000	0.000	(0.273)
Subtotal: People	(2.069)	82.50%	(1.707)	0.000	0.000	(0.362)
Communities, Environment & Resident Services	(3.335)	98.60%	(3.288)	0.000	0.000	(0.047)
Growth & City Development	(1.137)	68.84%	(0.783)	0.000	0.000	(0.354)
Finance & Resources	(0.383)	86.95%	(0.333)	0.000	0.000	(0.050)
Chief Executive	(0.045)	100.00%	(0.045)	0.000	0.000	0.000
Corporate	(14.275)	100.00%	(14.275)	0.000	0.000	0.000
<b>Total</b>	<b>(21.244)</b>	<b>96.17%</b>	<b>(20.431)</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.813)</b>

## 4.3 Transformation Programme

4.3.1 2023/24 was the second year of the Transformation programme and had a net savings target of £15.671m profiled in 2023/24.

4.3.2 Savings led by Transformation track the overall in-year actual cashable benefit that each programme has either delivered (blue), is on track for delivery (green), requires further activity to realise including opportunities to convert non-cashable to cashable savings (amber) or is at risk of non-delivery (red).

4.3.3 Table 3b which summarises the performance of each programme for 2023/24 shows there has been an overall improvement at Period 12 of projects being **on track or delivered (56.8% at Period 12 compared to 45.8% in Period 9)**.

Table 3b: Transformation Programme Savings							
Programme	Gross Saving £m	% Delivered Period 12	Blue - Delivered £m	Green - On Track £m	Amber - At Risk £m	Red - Non- Delivery £m	% On Track or Delivered Period 9
<b><i>Transformation led</i></b>							
Adults	(4.062)	21.1%	(0.856)	0.000	0.000	(3.205)	20.9%
Children's	(3.018)	85.9%	(2.591)	0.000	0.000	(0.427)	81.6%
Customer	(3.539)	100.0%	(3.539)	0.000	0.000	0.000	55.0%
Corporate Landlord	(0.735)	100.0%	(0.735)	0.000	0.000	0.000	100.0%

Table 3b: Transformation Programme Savings							
Programme	Gross Saving £m	% Delivered Period 12	Blue – Delivered £m	Green - On Track £m	Amber – At Risk £m	Red - Non- Delivery £m	% On Track or Delivered Period 9
Homelessness	(0.522)	0.0%	0.000	0.000	0.000	(0.522)	0.0%
<b>Subtotal</b>	<b>(11.875)</b>	<b>65.0%</b>	<b>(7.721)</b>	<b>0.000</b>	<b>0.000</b>	<b>(4.154)</b>	<b>50.5%</b>
<b>% of programme</b> <b><u>Currently led by service</u></b>			<b>65.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>35.0%</b>	
Children's - Early Help	(0.902)	100.0%	(0.902)	0.000	0.000	0.000	100.0%
Procurement	(0.662)	0.0%	0.000	0.000	0.000	(0.662)	0.0%
Community	(0.705)	29.1%	(0.205)	0.000	0.000	(0.500)	29.1%
Finance & Resources – IT	(0.249)	0.0%	0.000	0.000	0.000	(0.249)	0.0%
Estates / New Ways of Working	(1.278)	6.1%	(0.078)	0.000	0.000	(1.200)	6.1%
<b>Subtotal</b>	<b>(3.796)</b>	<b>31.2%</b>	<b>(1.185)</b>	<b>0.000</b>	<b>0.000</b>	<b>(2.611)</b>	<b>31.2%</b>
<b>% of programme</b>			<b>31.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>68.8%</b>	
<b>Transformation savings</b>	<b>(15.671)</b>	<b>56.8%</b>	<b>(8.906)</b>	<b>0.000</b>	<b>0.000</b>	<b>(6.765)</b>	<b>45.8%</b>
<b>% of programme overall</b>			<b>56.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>43.2%</b>	

\*£15.671m excludes growth saving of £0.902m on Fostering Development

4.3.4 The improvement between Period 9 and Period 12 is mainly in the Children's and Customer programmes:

- Children's - There has been an improvement at Period 12 of 85.9% savings delivered (period 9 of 81.6%) due to a reduction of the numbers of children coming into care. The number of children in care has reduced by a further 16 children since period 9 (689 to 673). Full year figures show a reduction of children in care of 41 (714 as at 27/03/2023 to 673 as at 31/03/24).
- Customer - There has been an improvement at Period 12 of 100% savings delivered (period 9 of 55%) due to the implementation of the Customer Support Transformation Programme, including the alignment of HR and Financial information to secure efficiencies

4.3.5 As shown in Table 3 above, several programmes are behind target and require remedial activity to mitigate the under delivery. £6.765m (43.2%) of savings are in the non-delivery category and are reflected as pressures in the Directorate outturn positions above. The key drivers that have led to the in-year under-delivery of transformation savings include resourcing pressures, conflicting priorities, and over ambitious assumptions within original delivery plans.

4.3.6 A number of programmes that under- delivered in 2023/24 and had no prospect of delivery in the future were provided with growth monies in the 2024/25 budget process and written out of the Transformation Programme on an ongoing basis. These are Estates/New Ways of working £0.5m funded through ringfenced grant, Communities £0.5m and Homelessness £0.175m.

4.3.7 Respective Corporate Leadership Team (CLT) leads have developed mitigation plans for the remaining savings programmes which have an under-delivery at Period 12. These are Adult's £3.205m, Children's £0.427m, Estates/New Ways of working £0.7m, Homelessness £0.347m, Procurement £0.662m and F&R Information Technology £0.249m which were reviewed at the Transformation and Change Oversight Boards in March and May 2024. The mitigations agreed by CLT leads and consulted with respective Executive Member (where appropriate) will be adopted and delivery monitored alongside delivery of the 2024/25 savings.

4.3.8 Actual investment to deliver the Transformation programme in 2023/24 of £7.055m has been incurred compared to the revised budget of £7.929m, giving a net overall underspend of £0.874m. This is mainly due to lower staffing related costs, consultancy and I.T. expenditure slipped into 2024/25. Following adjustments for investment funded by reserve, base budget, and recharges to the HRA, this has resulted in a reduced requirement for capital receipts of £0.734m (£6.32m actual compared to revised budget of £7.054m).

## 5. Housing Revenue Account

5.1 The provisional HRA outturn for 2023/24 is a net underspend of **(£2.884m)** against gross annual budget of £119.924m. This underspend represents a positive variance of 2.4%.

<b>Table 4: HRA 2023/24 Provisional Outturn</b>				
<b>Housing Revenue Account</b>	<b>2023/24 Current Budget</b>	<b>2023/24 Actual</b>	<b>2023/24 Outturn Net Variance</b>	<b>Period 9 Reported Net Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Income</b>				
Dwelling Rents	(106.955)	(106.955)	(0.001)	0.000
Non-Dwelling Rents	(2.700)	(3.020)	(0.320)	(0.012)
Service Charges	(10.048)	(10.435)	(0.387)	0.000
Other Income	(0.222)	(0.265)	(0.044)	0.000
<b>Total Income</b>	<b>(119.924)</b>	<b>(120.675)</b>	<b>(0.751)</b>	<b>(0.012)</b>
<b>Expenditure</b>				
Repairs & Maintenance	27.911	27.625	(0.286)	3.018
Management & Supervision	36.369	32.979	(3.390)	(1.785)
Depreciation & Amortisation	35.001	35.001	0.000	0.000
Provision for Bad & Debts	2.213	0.821	(1.392)	0.000
Direct Revenue Financing	0.600	11.850	11.250	0.000
<b>Total Expenditure</b>	<b>102.094</b>	<b>108.275</b>	<b>6.182</b>	<b>1.233</b>
<b>Net Cost of Housing Services</b>	<b>(17.830)</b>	<b>(12.400)</b>	<b>5.430</b>	<b>1.221</b>
<b>Capital Financing Charges</b>				
Item 8 Interest Paid	17.501	14.804	(2.697)	(2.482)
Item 8 Interest Received	(0.171)	(5.788)	(5.617)	(4.829)
<b>Net Deficit/(Surplus)</b>	<b>(0.500)</b>	<b>(3.384)</b>	<b>(2.884)</b>	<b>(6.090)</b>
Contribution to Reserves	0.500	3.384	2.884	6.090
<b>Housing Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

- 5.2 It can be seen from the above table that since Period 9 the positive variance has reduced by £3.206m resulting in a reduced contribution to reserves.
- 5.3 The main reasons for the reduced contribution to reserves is as follows:
- The non-dwelling rent income is £0.309m higher than anticipated at Period 9. This is due to additional income from PV solar panels.
  - Income from service charges is £0.387m higher than forecast at period 9, This is due to increased tenants' contributions from the unfurnished properties initiative.
  - Similarly other income is £0.044m higher than budgeted at Period 9 due to additional repairs and maintenance charges carried out on properties which had be recharged to the General Fund.
  - Expenditure in respect of repairs and maintenance is much lower than reported at Period 9. This was due to a £1.4m underspend following delays in appointing new external contractors to assist with the delivery of planned maintenance programmes during the year.
- 5.4 In addition, there was £0.8m underspend in respect of responsive repairs due to expenditure on void properties being charged to capital. There were also further savings due to the increased number of staff vacancies and delays in recruitment.
- 5.5 Expenditure in respect of management and supervision cost is also lower than reported in Period 9. This is due to a £1.3m reduction in staff, communal lighting, gas, and pre-start costs. In addition, there were increased recharges to the NCH Group for services provided. This has partly been offset by increased council tax on void properties and rent charges.
- 5.6 There is £0.3m in additional income from shops following the re-negotiation of rents when leases expire.
- 5.7 The increase in the provision for bad and doubtful debts is £1.3m lower than originally anticipated. This is due to the introduction of the Hardship Fund which was approved by full Council in February 2023. The fund has helped several vulnerable tenants reduce their arrears and supported them to keep their tenancies during the cost-of-living crises.
- 5.8 The favourable variances previously reported has allowed the review of the direct revenue financing contribution to fund the capital programme. In line with the voluntary debt reduction policy approved by full Council in February 2023 there is no need to fund any of the 2023/24 capital expenditure through borrowing. Instead, the capital programme is being funded by a £11.850m revenue contribution.
- 5.9 The reduction in capital financing charges is because of the repayment of some of high interest Public Work Loan Board (PWLB) and Lender Option Borrower Option (LOBO) loans. This will reduce the amount of interest paid by the HRA.

5.10 The interest received on HRA reserves, capital receipts and working balances is much higher than originally budgeted. This is partly due to interest rates increasing from 0.0024% to 0.047%. It is also due to a substantial increase in HRA general reserves following the issuing of the Item 9 Special Determination by the Secretary of State for Levelling Up, Housing and Communities (DLUHC) in August 2022.

5.11 The net effect of these adjustment is to increase the contribution reserves by £3.384m compared with a forecast £6.090m at the end of Period 9.

## 6. Capital Programme

6.1 A revised Capital Budget was approved at Executive Board and Full Council and in February and March 2024 respectively. This section of the report provides an update on the actual Capital Expenditure incurred during 2023/24 in comparison to the approved budget 2023/24 of **£261.160m**.

6.2 The capital programme for 2023/24 is reporting a **net underspend of (£4.854m)** against the approved programme budget, summarised in the table below.

Table 5: Capital Programme 2023/24 Summary to Budget					
Programme	2023/24 Budget	2023/24 Actuals	Variance to Budget	Net Slippage (-) / Acceleration (+)	Overspend / (Underspend)
	£m	£m	£m	£m	£m
Council Capital Projects	88.535	79.044	(9.491)	(7.677)	(1.814)
Exceptional Financial Support	25.000	17.568	(7.432)	0.000	(7.432)
<b>Subtotal General Fund</b>	<b>113.535</b>	<b>96.612</b>	<b>(16.923)</b>	<b>(7.677)</b>	<b>(9.246)</b>
HRA	50.085	47.160	(2.925)	(2.851)	(0.074)
<b>Total NCC Programme</b>	<b>163.620</b>	<b>143.772</b>	<b>(19.848)</b>	<b>(10.528)</b>	<b>(9.320)</b>
Accountable Body	97.540	61.722	(35.818)	(40.284)	4.466
<b>Combined Capital Programme</b>	<b>261.160</b>	<b>205.494</b>	<b>(55.666)</b>	<b>(50.812)</b>	<b>(4.854)</b>

6.3 Approval is sought to treat the slippage of **£50.812m** as follows:

- General Fund slippage of **£7.677m** and Accountable Body slippage of **(£40.284m)** is carried forward to future financial years. The first monitoring exercise of the 2024/25 Capital Programme will include the impact of the slippage reprofiled across the financial years of the MTFP.
- Housing Revenue Account slippage of **(£2.851m)** is reprofiled across the MTFP as detailed in the below table.

Table 6: HRA Capital Programme 24/25 - 27/28 Reprofile					
	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m
Approved Capital Budget	69.631	51.641	48.798	48.011	<b>218.081</b>
HRA Slippage	2.851	0.000	0.000	0.000	<b>2.851</b>

Budget re-profile	(1.046)	0.741	1.196	(0.891)	<b>0.000</b>
<b>Revised Capital Budget</b>	<b>71.436</b>	<b>52.382</b>	<b>49.994</b>	<b>47.120</b>	<b>220.932</b>

6.4 Approval is also being sought for the net underspend of **(£4.854m)** to:

- Increase the capital programme budget for 2023/24 by **£5.150m** to fund the overspent schemes from a combination of grants and revenue contributions as set out in Appendix 2.
- To note the underspent as set out in Appendix 2 from the approved Capital Programme of **(£10.004m)** relating to schemes now completed. Any capital receipts being released will be reverted back to the central pot and used in accordance with the Capital Receipts prioritisation framework as set out in the Capital Strategy approved by City Council in March 2024. There will be no carry forward of budget associated with these schemes.

## 6.5 2023/24 General Fund Nottingham City Council Capital Programme

6.5.1 The General Fund Nottingham City Council Capital Projects summarised above are detailed below by directorate alongside the associated funding.

<b>Table 7: General Fund Capital Outturn 2023/24 – NCC Programme</b>					
<b>Directorate</b>	<b>2023/24 Budget</b>	<b>2023/24 Actuals</b>	<b>Variance to Budget</b>	<b>Net Slippage (-) / Acceleration (+)</b>	<b>Overspend / (Underspend)</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adults	2.538	2.762	<b>0.224</b>	0.223	0.000
Children's	0.030	0.015	<b>(0.015)</b>	(0.015)	0.000
Schools	3.220	3.302	<b>0.082</b>	0.084	(0.001)
<b>Subtotal: People</b>	<b>5.788</b>	<b>6.079</b>	<b>0.291</b>	<b>0.292</b>	<b>(0.001)</b>
Finance & Resources	2.150	2.425	<b>0.275</b>	0.245	0.030
Growth & City Development	54.229	50.591	<b>(3.638)</b>	(2.145)	(1.493)
CERS	19.314	13.629	<b>(5.685)</b>	(6.069)	0.384
Transformation	7.054	6.320	<b>(0.734)</b>	0.000	(0.734)
Exceptional Financial Support	25.000	17.568	<b>(7.432)</b>	0.000	(7.432)
<b>General Fund NCC Programme</b>	<b>113.535</b>	<b>96.612</b>	<b>(16.923)</b>	<b>(7.677)</b>	<b>(9.246)</b>
<b>Capital Funding</b>					
External Grants & S106	(65.239)	(62.119)	<b>3.120</b>	3.644	(0.524)
Capital Receipts - General Fund	(16.707)	(12.817)	<b>3.890</b>	1.521	2.369
Capital Receipts - Exceptional Financial Support	(21.300)	(17.568)	<b>3.732</b>	0.000	3.732
Revenue Reserves - General Fund	(3.847)	(1.504)	<b>2.343</b>	2.373	(0.030)
Revenue Contribution - General Fund	(0.239)	(0.644)	<b>(0.405)</b>	(0.340)	(0.065)
Borrowing	(2.503)	(1.960)	<b>0.543</b>	0.479	0.064
Borrowing - Exceptional Financial Support	(3.700)	0.000	<b>3.700</b>	0.000	3.700
<b>General Fund NCC Funding</b>	<b>(113.535)</b>	<b>(96.612)</b>	<b>16.923</b>	<b>7.677</b>	<b>9.246</b>

6.5.2 General Fund capital projects managed by the Council have a variance of **£16.923m** which equates to **14.91%** of the budget. This variance is then split by

slippage of **£7.677m** and underspend of **£9.246m**. Approval is now sought to the re-profiling of capital schemes with a net slippage of £7.677m.

### Net Slippage

6.5.3 £5.115m of the £7.677m reported net slippage, relates to nine projects that have reported a net slippage over £0.500m, details of these schemes are set out in appendix 1.

### Key Variance

6.5.4 The overall net underspend of (£9.246m) is mainly made up of the following variances:

- **(£1.493m)** underspend in Growth and City Development, this relates to a technical adjustment of **£1.591m** recognising Highways works-in-progress at 31 March 2023. This was reversed in 2023/24 and capitalised accordingly, releasing Capital Receipt funding.
- **(£0.734m)** underspend on Transformation programme mainly is in relation to reduced cost of staffing (agency) and consultancy costs and with no further commitment the budget and associated capital receipts funding is not being carried forward.
- **(£7.432m)** underspend on Exceptional Financial Support due to improved revenue position.
- **(£0.264m)** various small underspend related to schemes now complete, details of which are set out in appendix 2.
- **£0.677m** overspend across 18 schemes that are now complete, detailed within appendix 2, of which £0.035m (8 schemes) are below £0.010m. Approval is required for incepting or increasing budget within the capital programme; therefore, this is in breach of the current governance and financial regulations and has been reported to the Section 151 Officer, accordingly. Those schemes with a pressure over £0.010m are being investigated jointly with the service and a management action plan will need to be agreed with the respective Corporate Director. This overspend is entirely funded from combination of external grants and revenue contributions/reserves and therefore hasn't created a funding pressure for the Council as detailed in Table 7.

## 6.6 2023/24 HRA Capital Programme

6.6.1 The table below sets out the associated funding for HRA Capital Programme. The significant change since the approved Capital Budget is the additional revenue contribution of **£11.233m** which has been used to remove the HRA borrowing requirement in 2023/24.

Table 8: HRA Capital Outturn 2023/24					
Directorate	2023/24 Budget £m	2023/24 Actuals £m	Variance to Budget £m	Net Slippage (-) / Acceleration (+) £m	Overspend / (Underspend) £m
HRA	50.085	47.160	<b>(2.925)</b>	(2.851)	(0.074)



Table 8: HRA Capital Outturn 2023/24					
Directorate	2023/24 Budget £m	2023/24 Actuals £m	Variance to Budget £m	Net Slippage (-) / Acceleration (+) £m	Overspend / (Underspend) £m
<b>HRA CAPITAL PROGRAMME 2023/24</b>	<b>50.085</b>	<b>47.160</b>	<b>(2.925)</b>	<b>(2.851)</b>	<b>(0.074)</b>
<b>Capital Funding - HRA</b>					
External Grants	(1.857)	(5.004)	<b>(3.147)</b>	(3.147)	0.000
Capital Receipts - HRA	(1.217)	(0.043)	<b>1.174</b>	1.164	0.010
Capital Receipts - RtB	(7.892)	(8.078)	<b>(0.186)</b>	(0.188)	0.002
Major Repairs Reserve	(26.723)	(22.185)	<b>4.538</b>	4.480	0.058
Revenue Contribution - HRA	(0.617)	(11.850)	<b>(11.233)</b>	(11.235)	0.002
Borrowing	(11.779)	0.000	<b>11.779</b>	11.777	0.002
<b>HRA TOTAL FUNDING</b>	<b>(50.085)</b>	<b>(47.160)</b>	<b>2.925</b>	<b>2.851</b>	<b>0.074</b>

### Key Variance

6.6.2 The overall net underspend of **(£0.074m)** is detailed in appendix 2.

### 6.7 2023/24 General Fund Accountable Body Projects

6.7.1 The Accountable Body Projects summarised above are detailed below by directorate alongside the associated funding. These are programmes where the Council is acting as the lead accountable body for administering regional funding and programmes.

Table 9: General Fund Capital Outturn 2023/24 – Accountable Body Projects					
Programmes / Projects	2023/24 Budget £m	2023/24 Actuals £m	Variance to Budget £m	Net Slippage (-) / Acceleration (+) £m	Overspend / (Underspend) £m
<b>Accountable Body</b>					
Midland Net Zero Hub	88.187	47.617	<b>(40.570)</b>	(45.036)	4.466
Devolution Retrofit Funding	4.464	1.867	<b>(2.597)</b>	(2.597)	0.000
Transforming Cities	4.639	12.238	<b>7.599</b>	7.599	0.000
Future Transport Zone	0.250	0.000	<b>(0.250)</b>	(0.250)	0.000
<b>Subtotal Accountable Body Projects</b>	<b>97.540</b>	<b>61.722</b>	<b>(35.818)</b>	<b>(40.284)</b>	<b>4.466</b>
<b>Capital Funding</b>					
External Grants - Accountable Body	(97.540)	(61.722)	<b>35.818</b>	40.284	(4.466)
<b>Funding</b>	<b>97.540</b>	<b>61.722</b>	<b>(35.818)</b>	<b>(40.284)</b>	<b>4.466</b>

### Net Slippage

6.7.2 **(£40.284m)** reported net slippage details of schemes with a slippage over £0.500m are set out in appendix 1. The main driver for the slippage in this area is due to slippage by council partners.

### Key Variances

6.7.3 **£4.466m** overspend within Midlands Net Zero Hub, relates to additional grant being paid out in year for which no budget approval was sought. Although spend approval was sought through the Spend Control process, this process does not override the approval for incepting or increasing budget within the capital programme. Therefore, this is in breach of the current governance and financial regulations and



has been reported to the Section 151 Officer, accordingly. This has been investigated jointly with the service and management action plan has been agreed with the respective Corporate Director. This overspend is entirely funded by external grants and therefore hasn't created a funding pressure for the Council as detailed in Table 9.

## 6.8 General Fund Capital Receipts

6.8.1 The table below sets out the draft capital receipts balance being carried forward as at 31 March 2024 of **£8.243m**, this is to be applied in accordance the approved Capital Strategy with the 2024/25 EFS requirement the first priority.

<b>Table 10: Capital Receipt Position 2023/24</b>	
<b>Capital Receipt Element</b>	<b>£m</b>
<b>Capital Receipts Balance Carried Forward as at 1 April 2023</b>	<b>(9.592)</b>
2023/24 Property Receipts net of disposal costs	(34.641)
2023/24 Fleet Receipts net of disposal costs	(0.366)
Less Deferred Receipts Recognised in 2023/24	(5.294)
Less Property Receipts Used to Repay Debt	11.265
Less Receipts Applied to fund 2023/24 Capital Programme	12.817
<b>Capital Receipts Balance as at 31 March 2024 (excluding EFS)</b>	<b>(25.811)</b>
2023/24 EFS Requirement	17.568
<b>Capital Receipts Balance carried forward to 2024/25</b>	<b>(8.243)</b>

## 7. Reserves and Balances

### 7.1 General Fund Balance

7.1.1 The General Fund balance as at 31 March 2024 is **£24.203m**.

7.1.2 The £24.203m General Fund balance is consistent with the risk-assessed target specified in the MTFP and Reserve Policy as approved by Council in March 2024. The Chief Finance Officer, as the Council's Section 151 Officer, considers that a balance of £24.203m to be adequate given the risks the council is facing and considering Nottingham City Council's spending history and the commitment as part of the MTFP and updated reserve strategy approved by Council in March 2024 to establishing a 7.5% level of General Fund balance.

### 7.2 General Fund Reserves

7.2.1 The table below provides General Fund reserve position as at 31 March 2024.

<b>Table 11: General Fund Reserves</b>		
<b>General Fund Reserves</b>	<b>31/03/2023 (Provisional restated - un-audited)</b>	<b>31/03/2024 (Provisional un-audited)</b>
Schools	(30.208)	(30.217)

<b>Table 11: General Fund Reserves</b>		
<b>General Fund Reserves</b>	<b>31/03/2023 (Provisional restated - un-audited)</b>	<b>31/03/2024 (Provisional un-audited)</b>
Non - NCC Funds (accounting body)	0.000	(0.224)
Partnership Fund	(0.568)	(0.568)
Controlled Elsewhere - Restricted Reserves	(30.777)	(31.009)
Private Finance Initiatives (PFI)	(43.078)	(49.552)
Ring-Fenced Accounts	(7.129)	(8.893)
Collection Fund	(5.301)	(0.792)
Capital	(4.062)	(6.246)
Revenue Grants - Restricted	(6.166)	(9.549)
Information Technology	(6.771)	(5.206)
Asset Maintenance	(3.928)	(5.348)
Insurance	(3.919)	(3.919)
Controllable Ringfenced Reserves	(80.354)	(89.506)
Local Economy	(1.597)	(1.884)
Revenue Grants – Unrestricted	(10.321)	(10.031)
Transformation	(4.238)	(16.320)
Services	(3.267)	(10.180)
Corporate (Treasury Management & Workforce)	(18.143)	(16.900)
Financial Resilience Reserve	(25.043)	(6.093)
Contingency & Risk	(6.804)	(4.809)
Controllable Non-Ringfenced Reserves	(69.413)	(66.217)
<b>Total General Fund Reserves</b>	<b>(180.543)</b>	<b>(186.732)</b>

7.2.2 Both the general fund reserves and balances position presented is provisional and subject to changes as a result from prior years due 2019/20 to 2022/23 accounts still open and yet to be audited.

7.2.3 The most significant movements relating to earmarked General Fund reserves during 2023/24 include:

- a) **Controlled Elsewhere - Restricted Reserves** – these include balances where the Council is the lead accountable body and holds balances on behalf of any partnership, schools etc... Balances held within this area will be drawdown over the course of the MTFP period, as appropriate and in accordance with partnership arrangements.

The net increase in balances of £0.265m reflects movements relating to Schools balances (including grants) and funds the Councils holds as the lead accountable body.

- b) **Controllable ring-fenced reserves** - these include balances where the Council is holding funds in reserve in accordance with accounting practice and/or standards or where the funds have a ring-fenced apply due to statute. In accordance with the funding conditions, the balances held within this area will be drawdown over the course of the MTFP period, as appropriate.

The net increase in balances of £9.152m reflects the following key movements:

- PFI, ring-fenced revenue grants and ring-fenced accounts such as parking.
- Sinking funds for properties managed by corporate landlord and other key assets used to fund repair and maintenance (revenue and capital).

**c) Controllable non ring-fenced reserves** - these include balances that are not ringfenced and provide flexibility to the Council to use as risk reserve. The balances held within this area are likely to be drawdown over the course of the MTFP period.

With the exception of the following there are no planned contributions to these reserves over the MTFP period;

- one-off approved contribution relating to repayment of c£0.8m which forms part of original c£20m approved 2023/24 budget with the funds from range of reserves being temporarily borrowed to establish an adequate financial resilience reserve. In recognition of the in-year financial challenges, the repayment has been smoothed over 8 years (two MTFP cycles) in the 2024/25 budget process from the original profile over 2 years; and
- one-off approved 2024/25 budget contribution to the financial resilience reserve of c£10m.

Current estimated commitments for this area across the MTFP period 2024/25 to 2027/28 are c£45m.

The net reduction in balances of £3.196m includes the following significant key movements:

- As per the 2024/25 budget, MTFP and reserve policy approved by the Council in March 2024, reserve funding has been repurposed from financial resilience, corporate and; contingency and risk reserves to increase general fund contribution by £9.560m and create one-off transformation funding to support delivery of savings developed through the duties and powers framework of £7.456m.
- All approved transformation funding set out in the MTFP (excluding capital receipts) has now been consolidated under the transformation reserve heading. This has meant that £5.241m funds previously sitting under financial resilience reserve are now reporting under transformation.
- Service net increase of £6.913m is made of specific service area balances, including funding set aside to fund prospective income losses from asset disposals in 2024/25, crematorium replacement project, district heating appraisal and essential repair and maintenance.

7.2.4 Given the extent of change facing the authority over the next few years, it is important that there is sufficient transformation funding available to support the change programme and, given the use of capital receipts being used for EFS, it is imperative that some flexibility for change funding is available.

### 7.3 Housing Revenue Account Reserves and Balance

7.3.1 The movements in HRA reserve relates to the HRA Major Repairs Reserve. This is a statutory reserve required to be held by the HRA to account for capital financing charges.

<b>Table 11: Housing Revenue Account Reserve and Balances</b>		
<b>HRA Reserve and Balance</b>	<b>31/03/2023 (Provisional restated - un-audited)</b>	<b>31/03/2024 (Provisional)</b>
HRA Balance	(56.764)	(56.764)
HRA Reserve	(39.149)	(74.150)
<b>Total HRA Reserves and Balances</b>	<b>(95.912)</b>	<b>(130.913)</b>

7.3.2 As set out above the reserves and balances position presented is provisional and subject to change.

### 8. Consideration of Risk

8.1 Councils are required to deliver a balanced budget each year ensuring that the projected expenditure and commitments can be matched by the available resources in year. Due to the continued financial challenge over the last year, the Council has faced significant risk in achieving a balanced budget which had led for the Section 151 Officer to issue a Section 114(3) report on 29 November 2023. Although there has been some improvement, children's and adult's social placement costs continue to be a significant factor in the Council's ability to balance its budget.

8.2 The Section 151 Officer is required to provide his statutory advice to Council on the robustness of the budget estimates and adequacy of reserves. More recently the Section 151 Officers' professional opinion was clearly set out in Appendix 1 of the budget report to City Council on 4 March 2024, setting out the risks and conditions for the 2024/25 budget, reasonably based on the best available information and assumptions at the time.

8.3 As set out in the 2025/26 Budget Strategy report being presented to Executive Board at the same meeting, the significance of the budget gap over the MTFP of c£172m combined with the need to rely on substantial amounts of EFS should not be underestimated. Although c£41m of EFS has allowed the Council to set a balanced budget in 2024/25, the Council has set itself a significantly higher hurdle for 2025/26 with an estimated budget gap of c£69m. The quantum of the financial challenge being faced by the Council alongside and the economic uncertainties over the medium to long term present a high risk to the Council in achieving a balanced budget, combination of which impact council's ability to respond and

manage unforeseen financial risks and to achieving a financially sustainable budget over the MTFP.

- 8.4 It will be essential for CLT to continue to exercise firm financial management throughout this year and for the forthcoming year through the close monitoring of budgets and, in particular.
- 8.5 Given the unique operating context of Nottingham City Council, the following are most immediate risks that will impact finalising the outturn:
- Prior year accounts and historic accounting treatments & practice corrections
  - Subsidiary company risk - loans and risk of liabilities materialising
  - Assumptions regarding debt collection and impact on the collection fund
  - Assumptions regarding provisions and accruals in particular across demand led services.
- 8.6 Due to the uncertainties of the economic environment, impact of cost of living, inflation and interest rates, long-term impact of the pandemic and expenditure reductions of a significant scale required, there are inevitably significant risks involved in delivering balanced budgets over the medium term. Key strategic risks will continue to be;
- included in the Corporate Risk Register;
  - regularly reported to Audit Committee; and
  - reviewed through updated Budget and MTFP Strategy reports to the Executive Board.
- 8.7 As set out above, the Council is faced with an uncertain financial climate over the medium to long term which presents a high risk to the authority and there remains potential for further, as yet unrecognised, risks. For this reason, a prudent approach to the level of reserves held by the Council remains sensible and necessary providing the Council with some financial resilience to manage unforeseen and exceptional risks. This is in line with the Section 151 Officer's annual statement on adequacy of reserves which formed part of the budget report to Council in March 2024.
- 8.8 It will be essential for CLT to continue to exercise firm financial management throughout the remaining months in this year and for the forthcoming years through the close monitoring of budgets.
9. **Best Value Considerations, including consideration of Make or Buy where appropriate**
- 9.1 To ensure we are delivering continuous service improvement and good outcomes for citizens the Council will embed a culture of Best Value Transformation across all our services and work together as 'One Council'.
- 9.2 Encompassing Best Value Transformation alongside the 'Together for Nottingham Plan' and a refreshed MTFP the 'One Council' approach will enable us to work on a more stable financial footing.

9.3 Throughout the budget monitoring the Council will take a proactive and planned approach to delivering Best Value.

9.4 At the conclusion of this process the Council's published reports will clearly set out how it plans to meet its Best Value requirement to demonstrate the continued financial sustainability of services to its communities over the longer term.

10. **Commissioner comments**

The commissioners are content with this report. This report sets out the provisional outturn for 2023/24. It indicates a significant net overspend on the General Fund. Given its medium term financial position, it is imperative that financial management is strengthened and where overspends are indicated, sufficient attention is given to identify mitigations as soon as possible.

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

11.1 Financial implications appear throughout the report.

12. **Legal colleague comments**

12.1 This report sets out the provisional outturn position for the Council for the end of period 12 for the General Fund, Housing Revenue Account, and the Capital Programme. The report details the steps proposed to be taken in order for the Council to meet the legal obligation to deliver a balanced budget each year.

12.2 This year, those steps include the use of DLUHC Exceptional Funding Support; the proposed use of the Exceptional Funding Support is in accordance with the conditions accepted by the Council.

12.3 The report usefully sets out the steps the Council have taken as a consequence of the issuing of the s114 report in order to meet the legal obligations imposed as a result of the s114 report and to start to address the financial situation generally.

12.4 The Capital overspends as detailed in the report are noted and the proposed actions are accepted as appropriate in the circumstances.

12.5 Other than that, the report raises no significant legal issues.

Anthony Heath Head of Legal and Deputy Monitoring Officer (Interim) 20 May 2024

13. **Procurement comments**

13.1 Not applicable.

14. **Equality Impact Assessment (EIA)**

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

No



An EIA is not required as this report is not proposing any decisions which impact previous EIA undertaken with regards to implementing the 2023/24 approved budget proposals and subsequent changes in-year as part of decisions taken by the Council during the year.

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

15.1 Not applicable.

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

16.1 Not applicable.

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

17.1 Not applicable.

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

- Executive Board 19 March 2024: Period 9 2023/24 Budget Monitoring
- City Council 4 March 2024: 2024/25 Budget and Council Tax Resolution
- City Council 4 March 2024: Response to Statutory Recommendation from the Council's External Auditor
- City Council Extraordinary Meeting 18 December 2023: Response to Section 114 Report – Financial Recovery Plan
- 29 November 2023: Section 114(3) Report
- Executive Board 21 November 2023: Period 6 2023/24 Budget Monitoring
- Executive Board 18 July 2023: Period 2 2023/24 Budget Monitoring

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## Appendix 1 – 2023/24 Capital Scheme Net Slippage

The schedule below provides detail of schemes with a net slippage of £0.500m and over.

Directorate	Project	Approved Budget 2023/24 £	Capital Expenditure Incurred 2023/24 £m	Variance Budget to Outturn (slippage) or acceleration £m
Peoples	Various Schemes with net slippage under £0.500m	5.189	5.481	0.292
<b>Peoples Subtotal</b>		<b>5.189</b>	<b>5.481</b>	<b>0.292</b>
Growth & City Development	Integrated Transport Block Projects	0.302	0.974	0.672
Growth & City Development	Transforming Cities - NCC Projects	26.733	23.642	(3.091)
Growth & City Development	Ped Imps St Anns Well Road	1.167	1.875	0.708
Growth & City Development	Partnership Scheme for Buses - Zero Emission	3.296	5.207	1.910
Growth & City Development	Traffic Light Priority for Late Running Buses	0.560	0.026	(0.534)
Growth & City Development	Various Schemes with net slippage under £0.500m	19.876	18.066	(1.810)
<b>Growth &amp; City Development Subtotal</b>		<b>51.934</b>	<b>49.790</b>	<b>(2.145)</b>
CERS	Heat Station Repairs	1.443	0.798	(0.645)
CERS	NCC HUG2 Private Homes	1.530	0.052	(1.478)
CERS	Vehicle Acquisitions etc	3.654	1.896	(1.758)
CERS	Highways Maintenance Grant	2.053	1.114	(0.939)
CERS	Various Schemes with net slippage under £0.500m	6.641	5.392	(1.249)
<b>Community, Environment and Resident Services Subtotal</b>		<b>15.321</b>	<b>9.252</b>	<b>(6.069)</b>
Finance & Resources	Various Schemes with net slippage under £0.500m	1.762	2.007	0.245
<b>Finance and Resources Subtotal</b>		<b>1.762</b>	<b>2.007</b>	<b>0.245</b>
<b>General Fund NCC Programme</b>		<b>74.206</b>	<b>66.530</b>	<b>(7.677)</b>
HRA	Garage / Outbuilding Delivery	0.650	0.071	(0.580)
HRA	Major Void Works	2.275	3.589	1.314
HRA	Padstow Ridgeway New Build	9.228	9.770	0.543
HRA	Various Schemes with net slippage under £0.500m	37.825	33.697	(4.128)
<b>TOTAL - HRA</b>		<b>49.978</b>	<b>47.127</b>	<b>(2.851)</b>
<b>Total NCC Programme</b>		<b>124.184</b>	<b>113.657</b>	<b>(10.528)</b>
Midland Net Zero Hub	MNZH Social Housing Decarbonisation Fund Wave 2	27.385	14.430	(12.955)
Midland Net Zero Hub	MNZH HUG2	45.600	13.536	(32.064)
Energy Projects	Devolution Retrofit Funding	4.464	1.867	(2.597)

## Appendix 1 – 2023/24 Capital Scheme Net Slippage

Directorate	Project	Approved Budget 2023/24 £	Capital Expenditure Incurred 2023/24 £m	Variance Budget to Outturn (slippage) or acceleration £m
Transforming Cities	Transforming Cities - Derby City Projects	4.000	9.259	5.259
Transforming Cities	Transforming Cities - Notts County Projects	0.639	2.980	2.341
Other Accountable Body	Various Schemes with net slippage under £0.500m	0.333	0.065	(0.268)
<b>Accountable Body Subtotal</b>		<b>82.421</b>	<b>42.137</b>	<b>(40.284)</b>
<b>TOTAL COMBINED CAPITAL PROGRAMME</b>		<b>206.605</b>	<b>155.794</b>	<b>(50.812)</b>

(\*) MNZH = Midlands Net Zero Hub

## Appendix 2 – 2023/24 Net Capital Variance (under/over spends)

Project	2023/24 Approved Budget £m	2023/24 Capital Expenditure £m	2023/24 Net Variance £m	Overspend / (Underspend)	Details
Fernwood - Roof	0.000	(0.001)	(0.001)	Overspend	Project complete DfE grant uncommitted
<b>Subtotal: People</b>	<b>0.100</b>	<b>0.099</b>	<b>(0.001)</b>		
Broadmarsh - Car Park	1.070	1.149	0.079	Underspend	Reversing underspend declared during 2023/24 funded by Revenue
Smart Public Transport	0.000	0.040	0.040	Underspend	Funded by uncommitted DfT grant
Nottingham Science Park - Phase 2	0.022	0.002	(0.020)	Overspend	Project complete reduction in Prudential Borrowing requirement
Work In Progress - reversal (Technical Adjustment)	0.000	(1.592)	(1.592)	Overspend	Adjustment to correct 2022/23 technical entry, releasing Capital Receipts
<b>Subtotal: Growth &amp; City Development</b>	<b>1.092</b>	<b>(0.401)</b>	<b>(1.493)</b>		
Sustainable Warmth (LAD3)	2.475	2.940	0.465	Underspend	Funded by additional BIES grant
Sustainable Warmth (HUG1)	0.201	0.205	0.004	Underspend	Funded by additional BIES grant
Melbourne Park Pavilion Imps	0.000	0.004	0.004	Underspend	Funded by Revenue
Shipstone Street Park	0.000	0.003	0.003	Underspend	Funded by Revenue
Gabrielle Close Play Area Refurb	0.000	0.002	0.002	Underspend	Funded by Revenue
Ronald Street, Lenton Rec Ground & Radford	0.094	0.117	0.022	Underspend	Funded by Revenue
Arboretum Tree Works	0.007	0.012	0.005	Underspend	Funded by Revenue
Woodland & Wetland	0.011	0.026	0.015	Underspend	Funded by Revenue
Hoylake Park	0.000	0.001	0.001	Underspend	Funded by Revenue
Arkwright Walk Park	0.000	0.007	0.007	Underspend	Funded by Revenue
CleanMobilEnergy	0.105	0.019	(0.086)	Overspend	Project complete underspend has released Capital Receipts
Green Homes - Private Homes (LAD2)	0.000	(0.006)	(0.006)	Overspend	Project underspend budget released for ancillary costs
FLARE Replacement	0.050	0.000	(0.050)	Overspend	Capital budget underspend due to costs being held in revenue
Bobber's Mill Playground - S106	0.001	0.000	(0.001)	Overspend	Immaterial budget not carried forward earmarked grant released
Smart Public Transport Payment	0.000	(0.001)	(0.001)	Overspend	Immaterial budget not carried forward earmarked DfT released
<b>Subtotal: Community, Environment and Resident Services</b>	<b>2.948</b>	<b>3.332</b>	<b>0.384</b>		
Legal Case System	0.067	0.094	0.028	Underspend	Funded by resources identified within IT Investment Reserve

## Appendix 2 – 2023/24 Net Capital Variance (under/over spends)

Project	2023/24 Approved Budget £m	2023/24 Capital Expenditure £m	2023/24 Net Variance £m	Overspend / (Underspend)	Details
IT - Data Storage & Backup	0.321	0.324	0.002	Underspend	Funded by resources identified within IT Investment Reserve
<b>Subtotal: Finance &amp; Resources</b>	<b>0.388</b>	<b>0.418</b>	<b>0.030</b>		
Transformation Cost (Capital Flexibility)	7.054	6.320	(0.734)	Overspend	Project underspend ringfenced capital receipts released
Exceptional Financial Support	25.000	17.568	(7.432)	Overspend	Improved revenue position compared to budget
<b>Subtotal: Council wide</b>	<b>32.054</b>	<b>23.888</b>	<b>(8.166)</b>		
<b>Total - General Fund NCC Programme</b>	<b>36.582</b>	<b>27.336</b>	<b>(9.246)</b>		
Energy Efficiency & Tackling Fuel Poverty	0.000	0.007	0.007	Underspend	Overspend funded by MRR as within original approval
Tunstall Drive	0.002	0.000	(0.002)	Overspend	Saving within BABN - Capital Receipt 1-4-1 & Borrowing
Southchurch Drive site Acquisition	0.000	(0.004)	(0.004)	Overspend	Saving within BABN - Capital Receipt 1-4-1 & Borrowing
Sanctuary Project	0.005	(0.005)	(0.010)	Overspend	2023/24 Underspend release of HRA Capital Receipts
Work In Progress - reversal (Technical Adjustment)	0.000	(0.065)	(0.065)	Overspend	Adjustment to correct 2022/23 technical entry, releasing MRR
<b>Total - HRA</b>	<b>0.007</b>	<b>(0.067)</b>	<b>(0.074)</b>		
MANZH - Lad3 NEW	12.088	15.071	2.983	Underspend	Funded by additional BIES grant
MANZH - Social Housing Decarbonisation	3.031	4.514	1.483	Underspend	Funded by additional BIES grant
<b>Total - Accountable Body</b>	<b>15.119</b>	<b>19.585</b>	<b>4.466</b>		
<b>Combined Capital Programme Net Underspend (-) / Overspend (+)</b>	<b>51.708</b>	<b>46.854</b>	<b>(4.854)</b>		

**Executive Board – 18 June 2024**

<b>Subject:</b>	2025/26 Budget Strategy
<b>Corporate Director(s)/Director(s):</b>	Ross Brown, Corporate Director for Finance and Resources (Section 151 Officer)
<b>Executive Member:</b>	Councillor Linda Woodings, Executive Member for Finance and Executive
<b>Report author and contact details:</b>	Shabana Kausar, Director of Finance (Deputy Section 151 Officer) <a href="mailto:shabana.kausar@nottinghamcity.gov.uk">shabana.kausar@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Corporate Leadership Team Transformation Team Colleagues within Technical, Strategic and Commercial Finance Teams
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/>
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a)	<input 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
<b>and/or</b>	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Type of expenditure:</b>	<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date: n/a
<b>Total value of the decision:</b>	n/a
<b>Section 151 Officer expenditure approval</b>	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:
<b>Commissioner Consideration</b>	Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Any comments the Commissioners wish to provide are listed below.  The Commissioners are content with this report.
<b>Wards affected:</b>	All
<b>Date of consultation with Portfolio Holder(s):</b>	Throughout
<b>Relevant Council Plan Key Outcome:</b>	
Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input checked="" type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input checked="" type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Healthy and Inclusive	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input checked="" type="checkbox"/>
Improve the City Centre	<input checked="" type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Financial Stability	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>

**Summary of issues (including benefits to citizens/service users):**

The Council in March 2024 approved a 4-year Medium Term Financial Plan (MTFP) based on the best available information at the time. However, the financial environment within which the Council is operating is constantly evolving and its budget strategy and planning process needs to be accordingly refreshed to ensure it continues to meet its Best Value requirement to demonstrate continued financial sustainability.

The Council continues to face exceptional circumstances as best demonstrated by the 2024/25 General Fund Budget balanced only by taking all available saving options tabled to the executive Board and City Council in February 2024 and March 2024 respectively and the use of material sums of Exceptional Financial Support. The MTFP set out the current budget shortfall of c£172m across the period against the forecasted available resources of the Council. The predominate drivers of these exceptional pressures are a combination of both significant demographic, complexity of provision and inflationary pressures across wide range of areas.

This report represents the first stage in the Council’s annual budget planning process, seeking endorsement of the budget strategy and approach for the MTFP period 2025/26 to 2028/29.

At this time the working assumptions with regards to the forecasted budget gap remain same as those approved by City Council in March 2024 of c£172m of which £68.957m relates to 2025/26 including the carry forward of the 2024/25 budget deficit of £41.024m.

The proposed budget strategy and process will continue to be reviewed and as appropriate refreshed to reflect updated MTFP assumptions. Changes to the budget gap and updated MTFP will continue to be reported through the year in accordance with the timetable to the Executive Board.

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

No

**Recommendation(s):**

1. Note the lack of clarity regarding the timing of the Governments Spending Review and the lack of any indication as to the value of financial settlement to Local Authorities which makes budget planning, particularly in the current environment unnecessarily complex and challenging.
2. To note no change to the forecast budget gap for 2025/26 of c£69m with an indicative cumulative budget gap of c£172m over 3-year MTFP period (section 2 and 6) approved by City Council in March 2024.
3. To note an updated 4-year MTFP to be presented to the Executive Board in December 2024 for the period 2025/26 – 2027/28.
4. To endorse the Budget Strategy and Approach for 2025/26 (Section 4) and note the strategy and approach to be submitted to Department for Levelling Up, Housing and Communities (DLUHC), in order to comply with the condition of the Exceptional Financial Support (EFS).
5. Delegate to the Section 151 Officer, in consultation with Commissioners and the Executive Lead for Finance and Resources, to engage with DLUHC on EFS and possible Council Tax options with the latter to be considered by Council for approval as part of the annual budget report.

**6.** Agree that Corporate Directors prepare detailed plans and budget proposals in accordance with the proposed budget strategy objectives and principles (paragraphs 4.5), taking into account emerging expenditure and funding information and the proposed approach to savings and/or income identification (Section 5). Flowing from this budget proposals are to be brought back to the Executive and/or City Council for approval as part of the annual budget report.

**7.** Note the budget preparation timetable as set out in the report (section 7)

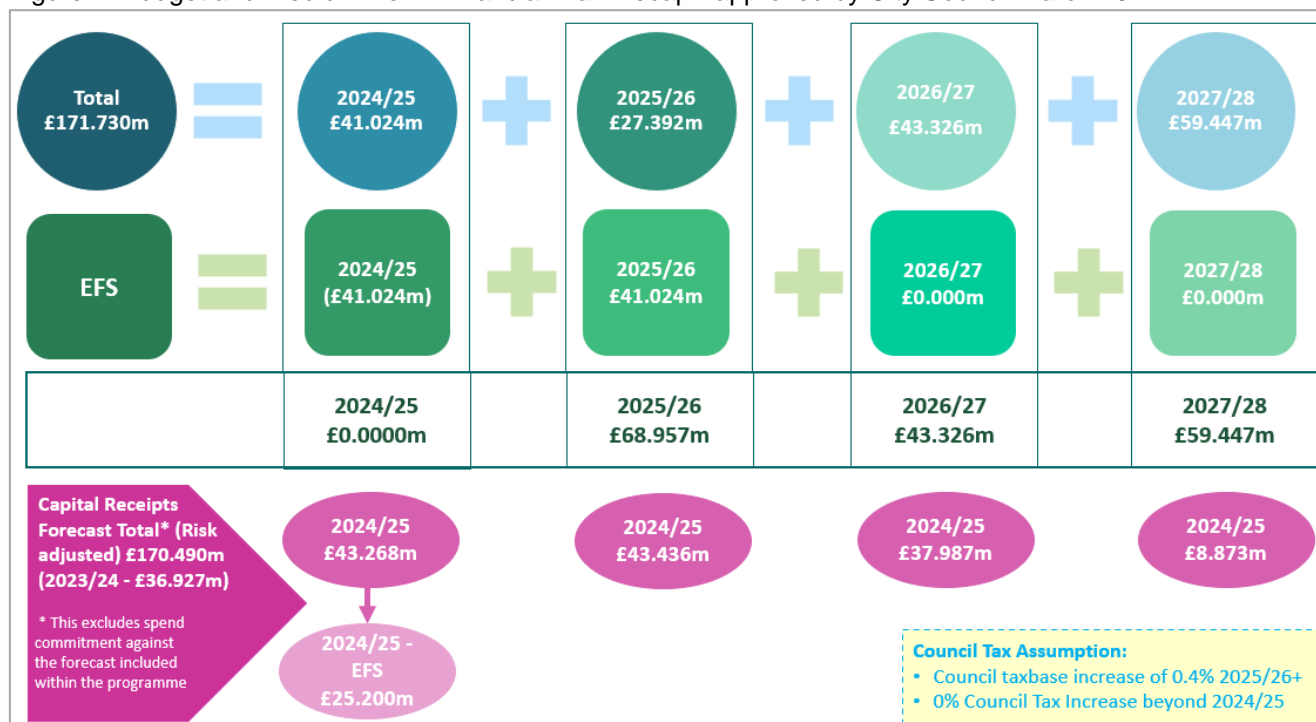
## **1. Reasons for recommendations**

- 1.1 This report is part of the Council's annual budget setting and business planning process and seeks to agree the budget strategy for 2025/26 so that officers can work up detailed proposals and present these for member consideration as part of the annual budget setting cycle of the Council.
- 1.2 The overarching objective of our budget strategy is to ensure that the Council have set a priority-led budget over the medium term that is balanced and realistic supported by achievable saving plans. However, it must be recognised that the Council is currently facing the most significant budget challenge on record, which requires the Council to transform the way it delivers services and doing some things differently.
- 1.3 The Council continues to face significant budget pressures in future years and uncertainty, including the continuing level of support from Central Government, over the medium term. Due to an increased demand for services, the long-term impact of the pandemic, alongside the backdrop of the cost-of-living crisis including most notably the rising inflation and energy prices, council services continue to operate in a challenging resource environment where demand change can lead to material budget variances. This is further exacerbated by the current global and national political and economic environment and the prospect of reducing local government funding and support from government.

## **2. Background**

- 2.1 The budget strategy and medium-term financial plan for 2024/25 to 2027/28 was approved by City Council on 4 March 2024. The illustration below sets out the estimated cumulative budget gap of c£172m approved by City Council in March 2024, of which the 2024/25 budget gap of £41.024m will be met from Exceptional Financial Support (EFS). The Council has only been able to set a balanced budget in 2024/25, discharging its legally duty through use of EFS as approved by the Department of Levelling Up, Housing and Communities (DLUHC) which was predicated on the Council approving the totality of officer developed proposals and increasing council tax by 4.99%.

Figure 1: Budget and Medium-Term Financial Plan Recap - approved by City Council March 2024



Source: 2024/25 Budget and Council Tax Resolution Report to City Council (4 March 2024) and working forecast of Capital Receipts per approved Capital Strategy (City Council 4 March 2024) and Asset Rationalisation programme.

- 2.2 As set out in figure 1 above and within the approved Capital Strategy (Appendix 6, 2024/25 Budget and Council Tax Resolution Report to March 2024 City Council), capital receipts form a key element of financing the EFS and continue to be a critical component of the Council’s budget strategy not only with regards to the EFS but also due to financing the Council Transformation Programme and priorities especially due to the Council having in place a voluntary debt reduction policy which stops it from borrowing to finance any investment with the exception of the EFS.
- 2.3 The significance of the budget gap over the medium-term financial plan of c£172m combined with the need to rely on substantial amounts of EFS should not be underestimated and although the EFS has allowed the Council to set a balanced budget in 2024/25, the Council has set itself a significantly higher hurdle to achieve in 2025/26. Therefore, it is essential that the Council looks to develop a budget strategy early in year that will support the Council achieving a financially sustainable budget over the medium-term financial plan period and in particular in meeting the conditions of the EFS and government intervention.
- 2.4 As part of approving the budget both the Executive and City Council in February and March 2024 respectively, took into account the conditions upon which the Section 151 Officer provided their statutory statement on robustness of budget estimates. Those relevant to 2025/26 are restated below:
- The Council continuing to assess, learn, report, and respond appropriately at the earliest point to the existing and emerging financial pressures across all aspects of its operations and for Corporate Leadership Team (CLT) leads to



identify and formulate corrective and mitigating actions in managing any pressures from within their service areas.

- A recognition in the medium-term planning approach that the level of reserves and corporate risk assessment need to be regularly reviewed in the light of changing circumstances and that it may not be possible to match the two at any single point in time. The Council needs to show a commitment to maintain reserves at a level which provides adequate cover for most identified risks during the planning period. This approach is pragmatic and shows a clear commitment to prudent contingency planning.
- 2024/25 budget is based on the current financial outturn forecast for 2023/24 and accounts yet to be audited for 2019/20 to 2022/23. Budget process for future years will need to reflect any impact of prior year accounting adjustments and 2023/24 outturn.
- Executive Leads, Chief Executive, Corporate Directors, and managers not exceeding their cash limits for 2024/25.
- No further calls on reserves other than for those risks that were identified as part of the MTFP, those risks that could not have reasonably been foreseen and cannot be dealt through management or policy actions. The exception to this is where the Section 151 Officer has approved otherwise, as it is not prudent to finance ongoing spending from one-off reserves.
- Where there is a draw-down on reserves, which causes the approved Reserves Policy to be off target, that this is replenished as part of a revised MTFP.
- That the Council has arrangements and resources in place to consider and assess value for money across the delivery of all its services and operations in preparation for future years' budgets.

## 2.5 Exceptional Financial Support

2.5.1 As set out above the Council has been granted with an EFS of up to c£66.143m (£25m in 2023/24 and £41.143m in 2024/25) subject to the Commissioners assessment of the following conditions being met:

- Delivery of the proposed savings identified in the 2024/25 budget as a result of the duties and powers exercise.
- Delivery of an enhanced medium term budget planning methodology by 22 June 2024 capable in the first instance of identifying options to bridge both the opening gap for 2025/26 and a mid-case view of a new budget gap that could arise in 2025/26.
- Delivery of an asset disposal strategy to identify and dispose of capital assets to:
- Minimise the need to undertake external borrowing to fund the in-principle capitalisation direction and /or capital programme, and;

- To continue to reduce overall external debt levels as per the Voluntary Debt Reduction Policy.

2.5.2 Due to the delay in the government appointing the commissioner for transformation, on behalf of the Council and in consultation with Commissioners the Chief Executive has sought and secured an extension from DLUHC to the submission of the Council's Improvement Plan by a month to end of July 2024. The Council's Improvement Plan will sit alongside both the Council's Budget Strategy (as set out in this report) and Commissioners Exit Strategy.

### **3. Financial Context and Overview**

#### **3.1 Spring 2024 Budget Statement**

3.1.1 On 6 March 2024, the Chancellor presented his Spring Statement to House of Commons which included the following key announcements:

- Further cut in employees National Insurance Contributions.
- Minor changes in forecasts and no change in future spending assumptions.
- Departmental expenditure plans will not be announced until spending review, which will be after the General Election.
- Push for improved productivity in public services, in return for no change in future spending plans (1% real-terms growth).
- Continuation of Household Support Fund for 6 months.
- Landfill tax rates for 2025/26 will be increased.
- £45m match funding to be provided to local authorities to build an additional 200 children's home placements and £120m to fund the maintenance of the existing secure children's home estate and rebuild Atkinson and Swanwick Secure Children's Homes.
- An initial £105m funding towards a wave of 15 new special free schools to create over 2,000 additional places for children with special educational needs and disabilities (SEND) across England.
- Numerous smaller funding pots, loosely linked to levelling-up, plus further round of devolution deals.

3.1.2 Overall, it was a low-key budget statement with very little new announcements directly relevant to local government (and no new funding), with possibility of further Budget Statement before the General Election. In addition, there is also risk that the grants within the Core Spending Power (CSP) may not be linked to inflation as they have previously which will impact the current estimates within the medium-term financial plan.

#### **3.2 General Election**

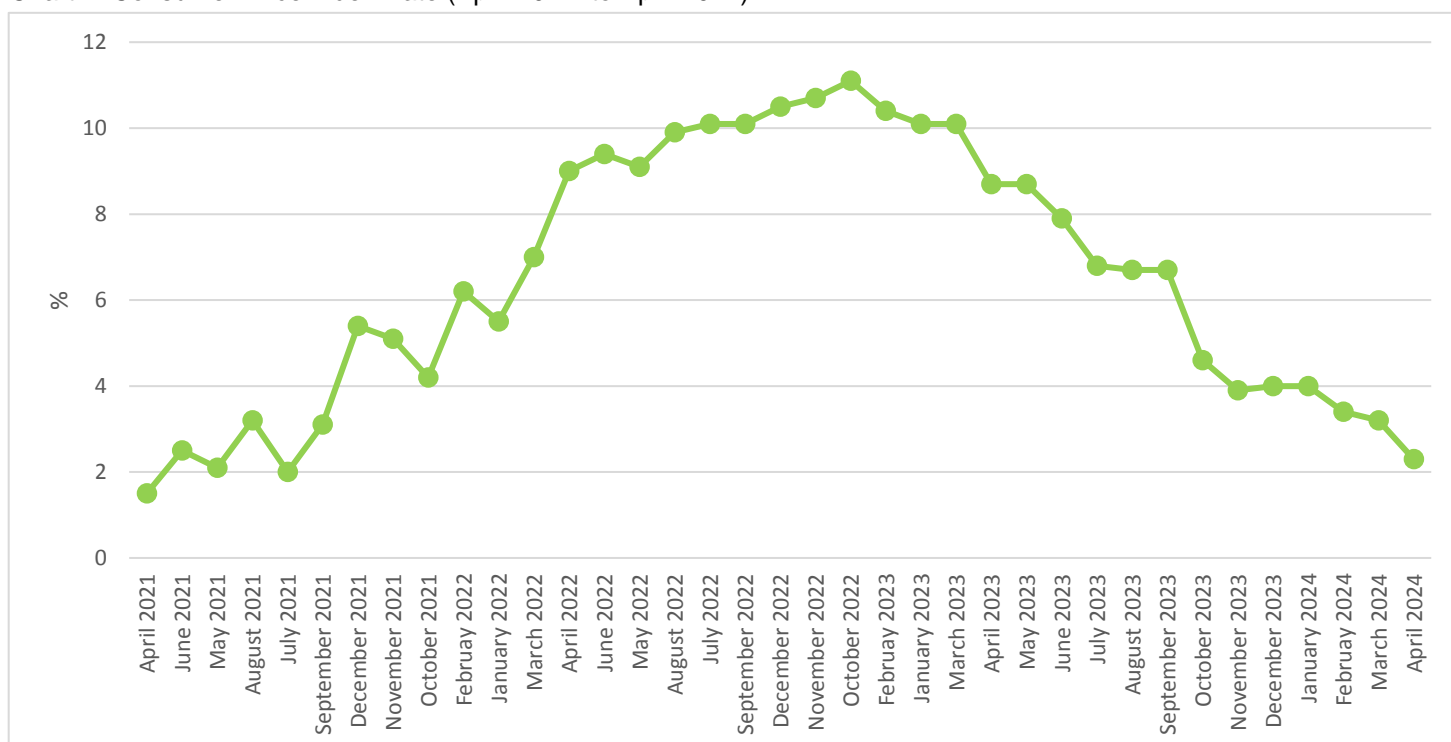
3.2.1 On 22 May 2024, the current Prime Minister issued a statement announcing general election on the 4 July 2024.

### 3.3 Economic Outlook - Inflation

3.3.1 Currently inflation stands at 2.3% (Consumer Price Index (CPI) April 2024) which is still 0.3% above the Bank of England inflation target rate of 2%. Although current inflation rate is lower than October 2022 when it peaked at 11.1%, the highest rate since the last 40 years, it continues to be relatively high. The Office for Budget Responsibility is currently forecasting inflation (as at 1 May 2024) to be at 2% in the second quarter of 2024, about a year earlier than their forecast in November 2023.

3.3.2 The chart below illustrates the high levels of monthly CPI inflation across recent years. As a result of the recent inflation volatility, it is hard to predict with any certainty the future impact on council services and therefore on council's medium-term financial plan.

Chart 1: Consumer Price Index Rate (April 2021 to April 2024)



Source: [Office for National Statistics - Consumer price inflation UK](https://www.gov.uk/economy/indicators/consumer-price-inflation)

3.3.3 Continued high inflation has significantly impacted both the local and national economy. Below is list of service areas or contracts which continue to be impacted by the economic context. In many cases the increases in prices are exacerbated by increases in demand due both to demographic changes, government policy changes and the cost-of-living crisis.

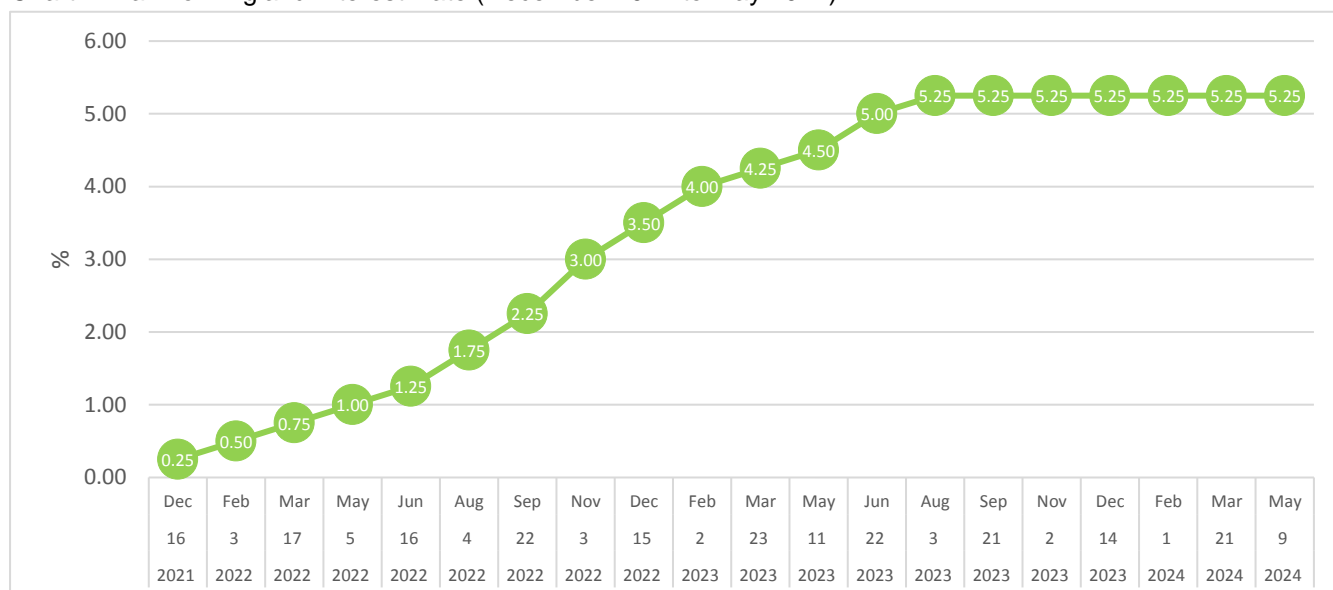
- a) Social care (adults and children) - expect increased costs in relation to higher fees to care providers to offset their rising costs. This is made worse by continued demographic demand pressures and market capacity including shortages in both the labour and placement markets.
- b) Home to school transport - cost increases driven by rising fuel prices and increases in demographic growth.

- c) Construction - the soaring cost of construction materials and labour shortages means the viability of capital projects is at risk and will impact both the General Fund and Housing Revenue Account (HRA) programmes.
- d) Private sector rental market/ homelessness/ loss of housing benefit subsidy - the availability of affordable private rented properties and the impact of the cost-of-living crisis on households and landlords (repayment of mortgages) could lead to increased homelessness caseload requiring temporary accommodation and use of bed and breakfast. If the Local Housing Allowance does not rise in line with inflation this could impact council budgets due to the differential between the rent income from housing benefits and cost of property lease in relation to temporary accommodation.
- e) Pay inflation – on 16 May 2024, the National Joint Council (NJC) for Local Government services issued the following offer to Trade Unions:
- An uplift of £1,290 to all pay spinal points for pay Grades B to J;
  - 2.5% uplift for all other pay grades
- Three of the NJC Trade Unions have responded to the NJC pay offer and are planning to undertake a consultative ballot of their members, recommending a rejection to the NJC Offer.
- f) Energy and fuel costs – due to the global impact of wars in Ukraine and the middle east there is continued risk of supply and thereby cost of oil and gas globally which could lead to impact on cost of energy and fuel used across range of council services including schools.

### 3.4 **Economic Outlook - Interest Rates**

- 3.4.1 Since 16 December 2021, the Bank of England has increased interest rates from 0.25% to an unchanged 5.25% as at 9 May 2024. The Monetary Policy Committee will review this next on 20 June 2024.

Chart 2: Bank of England Interest Rate (December 2021 to May 2024)



Source: [Bank of England - Interest rates and Bank Rate](#)

### 3.5 Local Government Financial Landscape

3.5.1 The financial landscape facing the sector including the Council is becoming increasingly challenging with an increasing number of councils, including noticeably those with social care responsibilities, give warnings about their ability to balance their budgetary positions in the coming years.

3.5.2 Many of the sectoral bodies (Local Government Association, County Councils Network, Society of County Treasurers and Special Interest Group of Municipal Authorities) published warnings in 2023 illustrating the current local government finance system is failing to tackle issues around social care funding (including children's), plus the continued impact of high inflation, have put many councils in a perilous financial position with many S151 Officers considering issuing of S114 reports for not being able to balance their budget over the next 12-24 months.

3.5.3 In a briefing from the Institute of Government published on 9 October 2023 there is an increasing incidence of councils issuing Section 114 reports due to significant financial viability issues. With most recently the Local Government Information Unit (LGIU) publishing its annual survey report '[State of Local Government Finance in England 2024](#)' on 28 February 2024, summary of which is set out below:

- The local government sector in England is increasingly in a state of financial crisis. Over half of respondents to the survey stated they were likely to declare effective bankruptcy in the next five years, 9% said they were likely to in the next financial year.
- Confidence in the sustainability of council finances across the sector has cratered from its previous low point of 14% in 2023, down to just 4% of respondents in 2024.
- Councils are pulling every lever to balance their books, including spending their reserves year-on-year.

- The central-local government relationship is in a critically poor state. Only 8% of respondents were happy with central government's performance in considering local government in wider policy decisions, and that was the highest level of satisfaction we measured.
- There are popular options for reform: multi-year financial settlements were favoured by 97% of respondents, ending competitive bids for funding and 100% business rates retention by three quarters. There is appetite for change, and proposals for fixing local government finance that command support across the sector.

3.5.4 Overall, the recent LGIU research reveals that, whoever forms the next government, they will have to reform local government funding or risk seeing up to half the councils in England becoming bankrupt over the next parliamentary term.

#### **4. Budget Strategy**

4.1 A budget strategy is integral to the development of the overall organisational health of the Council. Its aim is to set out the direction of travel to how the Council plans to finance its operations and meet its strategic council priorities. The intent of a budget strategy is to set out the themes and categories the Council will look to further develop as a means of delivering a balanced budget over the immediate and medium term and set out any underlying actions that need to be taken.

4.2 It should be recognised that the Council continues to be on a journey of improved financial monitoring and awareness but are not at this stage of maturity to have certainty on growth and saving estimates. Therefore, for 2025/26 the budget strategy will help the Council to continue its financial improvement journey in building a culture of strong and effective financial management, enabling it to become financially resilient over the longer term.

4.3 Good practice suggests that in considering its budget strategy a council should be able to ask itself whether it can balance its books without having to take significant risk(s) with local taxpayers' money. If the answer is no, then the Council needs to rethink its strategy to what is affordable and sustainable service level. This has been reflected in formulation of council's budget strategy.

#### **4.4 Budget Strategy Dependencies**

4.4.1 There is strong interplay between strategic plan, improvement plan, commissioners exit strategy and the budget strategy, as these set out council's direction of travel and how it plans to align its resources – 'live within its means'.

4.4.2 Set out below are the strategic and improvement plans which both feed from and feed into development of a budget strategy and the respective strategic plans.



4.4.3 Determining a coherent Budget Strategy without clarity on 1, 2, 3 and 4 above is both counterproductive and risks the Council's agenda being exclusively finance driven.

4.4.4 It is, therefore, vital that all of these individual connecting plans and strategies are viewed as a collective so that the interplays and interdependencies are understood and feed each element formulating a cohesive outcome.

4.4.5 The budget strategy set out in this report provides the budget framework and approach which the Council will adopt to support it in developing plans to achieve the transformation and service improvement required across the Council including the improvement in financial management and the financial resilience of the Council over the medium term.

## 4.5 Budget Strategy Objectives and Principles

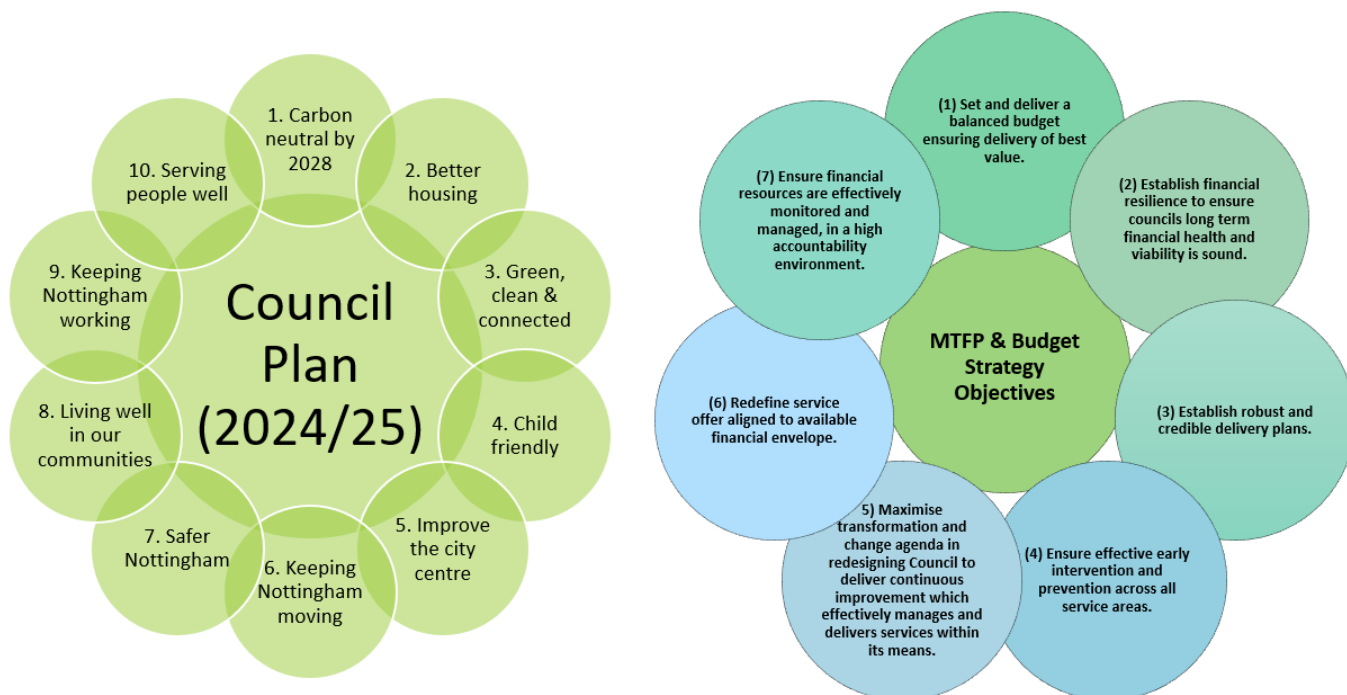
### Budget Strategy Objectives

4.5.1 The budget strategy has been formulated to reflect the financial management cycle and support outcomes expected to be delivered as part of the EFS and government intervention. All of which have been encompassed into the following seven objectives for the medium-term financial plan and budget strategy:

- 1) Set and deliver a balanced budget ensuring delivery of best value.
- 2) Establish financial resilience to ensure councils long term financial health and viability is sound.
- 3) Establish robust and credible delivery plans.
- 4) Ensure effective early intervention and prevention across all service areas.
- 5) Maximise transformation and change agenda in redesigning Council to deliver continuous improvement which effectively manages and delivers services within its means.
- 6) Redefine service offer aligned to available financial envelope.
- 7) Ensure financial resources are effectively monitored and managed, in a high accountability environment.

4.5.2 As set out above there is strong interplay between the budget strategy and the Council's strategic priorities as illustrated by the figure below:

Figure 1: Strategic Council Plan and Budget Strategy Objectives Interplay



### Budget Strategy Principles

4.5.3 The budget strategy objectives are underpinned by the following five principles:

Table 1: Budget Strategy Principles	
Budget Strategy Principles	Budget Strategy Objectives
1) Minimal ongoing reliance on Exceptional Financial Support	1) Set and deliver a balanced budget ensuring delivery of best value 4) Ensure effective early intervention and prevention across all service areas
2) Adopt a longer-term view to optimise delivery of strategic priorities	1) Set and deliver a balanced budget ensuring delivery of best value 2) Establish financial resilience to ensure councils long term financial health and viability is sound 4) Ensure effective early intervention and prevention across all service areas 5) Maximise transformation and change agenda in redesigning Council to deliver continuous improvement which effectively manages and delivers services within its means. 6) Redefine service offer aligned to available financial envelope delivering value for money.
3) Appropriate prioritisation of resources	1) Set and deliver a balanced budget ensuring delivery of best value 4) Ensure effective early intervention and prevention across all service areas 6) Redefine service offer aligned to available financial envelope delivering value for money.
4) Financial sustainability at the core of how the Council operates	1) Set and deliver a balanced budget ensuring delivery of best value 3) Establish robust and credible delivery plans.



<b>Table 1: Budget Strategy Principles</b>	
<b>Budget Strategy Principles</b>	<b>Budget Strategy Objectives</b>
	5) Maximise transformation and change agenda in redesigning Council to deliver continuous improvement which effectively manages and delivers services within its means. 6) Redefine service offer aligned to available financial envelope delivering value for money. 7) Ensure financial resources are effectively monitored and managed, in a high accountability environment
5) Maximise use of external funding and return on investment	1) Set and deliver a balanced budget ensuring delivery of best value 2) Establish financial resilience to ensure councils long term financial health and viability is sound 6) Redefine service offer aligned to available financial envelope delivering value for money.

## 5. Budget Approach

- 5.1 The proposed budget strategy for 2025/26 will focus on the following budget themes to help it deliver a balanced budget over the medium-term financial plan.

<b>Service Redesign</b>	<ul style="list-style-type: none"> <li>• Service efficiencies, redesign and transformation including early intervention and prevention – benchmark driven</li> <li>• Delivery model assessment or equivalent / make or buy option</li> <li>• Commissioning and market making</li> <li>• Voluntary/Community Sector and EMCCA</li> </ul>
<b>Income and Debt</b>	<ul style="list-style-type: none"> <li>• Council Tax Increases (above precept)</li> <li>• Council Tax Support Scheme Review</li> <li>• Fees and Charges</li> <li>• Income and debt recovery</li> <li>• Early repayment of long-term debt / CFR reduction</li> </ul>
<b>Asset Rationalisation</b>	<ul style="list-style-type: none"> <li>• Asset utilisation</li> <li>• Service provision consolidation</li> <li>• Asset disposal pipeline</li> </ul>
<b>Transformation and Change</b>	<ul style="list-style-type: none"> <li>• Councils Operating Model</li> <li>• New Ways Of Working (NWOW)</li> <li>• Tiers and Spans</li> <li>• Supporting delivery programmes that aim to reduce the overall budget gap over the MTFP period</li> </ul>
<b>Efficiency</b>	<ul style="list-style-type: none"> <li>• Digitalisation / automation of process / system optimisation</li> <li>• Consolidation / centralisation of functions</li> <li>• Reduce / stop discretionary spend</li> <li>• Procurement and commercial strategies</li> </ul>
<b>Technical Review</b>	<ul style="list-style-type: none"> <li>• Subsidiary Reviews – retain/invest/dispose</li> <li>• Review MTFP assumptions and Corporate Budget</li> <li>• Capital programme review</li> <li>• Pension Fund contributions</li> <li>• Reserve and balance sheet reviews</li> </ul>

5.2 The key activities identified for each of the budget theme areas, are planned to be undertaken over the medium-term financial plan period, with key focus of these to contribute to delivering a balanced budget for 2025/26. Appendix 1 sets these activities alongside the budget tools.

5.3 It should be noted that these activities are cross cutting and at times maybe a by-product of activity being undertaken in another budget theme area such as service redesign may have an outcome linked to asset utilisation.

5.4 The themes will be supported by various budget tools such as:

- Organisational redesign
- Benchmarking
- Outcome based budgeting
- Zero base budgeting
- Service lean reviews
- Business process reengineering
- Targeted use of external consultants

## 6. Medium Term Financial Plan

- 6.1 As set out above, the Medium Term Financial Plan (MTFP), covering the 4-year period 2024/25 to 2027/28, was approved by the Executive Board and City Council in February and March 2024 respectively. It MTFP reflects the impacts of central government funding decisions, analysis of advice and information from relevant organisations and the effects of the national and local economic context. It provides a robust financial framework to support achievement of the Council's overall objectives and delivery of services.
- 6.2 By necessity the MTFP is updated to reflect changing circumstances, updated priorities and ambitions, the latest financial situation and external factors such as Government funding settlements. Uncertainty regarding the impact of postponed local government funding reforms (business rates baseline funding reset and the Fair Funding Review), continued war in Ukraine and middle-east and recently announced general election present significant risks. This in turn creates a high degree of uncertainty both within and beyond 2024/25. As such the MTFP and budget strategy is being compiled in a period of financial uncertainty and any estimate beyond one-year is very much speculative.
- 6.3 The table below summarises the MTFP forecasts for 2024/25 to 2027/28 and confirms the forecast budget gap of c£172m for the period.

<b>Table 2: Medium Term Financial Plan 2024/25 to 2027/28 (incremental)</b>					
<b>Budget Item</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>cumulative £m</b>
Pay	24.288	11.374	11.261	10.318	57.241
Contractual Inflation	17.139	11.796	12.911	12.689	54.536
<b>Subtotal: Inflation</b>	<b>41.427</b>	<b>23.170</b>	<b>24.172</b>	<b>23.007</b>	<b>111.777</b>
Demographic / Service Pressures	57.390	35.143	36.277	43.577	172.387
Service Investments (growth funded from grant)	2.751	0.000	0.000	0.000	2.751
<b>Subtotal: Service Growth</b>	<b>60.141</b>	<b>35.143</b>	<b>36.277</b>	<b>43.577</b>	<b>175.138</b>
Technical Adjustments	(3.904)	3.379	0.186	(2.384)	(2.724)
Grants & Contributions	(11.204)	4.706	0.000	0.000	(6.498)
Reserve Movements	12.151	(10.067)	(0.005)	0.000	2.079
<b>Subtotal: Other Adjustments</b>	<b>(2.957)</b>	<b>(1.982)</b>	<b>0.180</b>	<b>(2.384)</b>	<b>(7.143)</b>
Previously Agreed Income & Savings	(11.149)	(12.416)	(12.672)	(0.278)	(36.515)
New Proposals – Consultation	(8.938)	(4.246)	(0.061)	(0.374)	(13.620)
New Proposals - Non-consultation	(13.189)	(8.955)	(0.562)	(0.021)	(22.728)
<b>Subtotal: Saving &amp; Income</b>	<b>(33.277)</b>	<b>(25.618)</b>	<b>(13.295)</b>	<b>(0.674)</b>	<b>(72.863)</b>
Estimated redundancy & investment	7.596	(7.596)	0.000	0.000	0.000
Use of reserve	(7.554)	7.554	0.000	0.000	0.000
<b>Subtotal: Investment to deliver proposals</b>	<b>0.042</b>	<b>(0.042)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Projected Budget Adjustments</b>	<b>65.377</b>	<b>30.671</b>	<b>47.335</b>	<b>63.526</b>	<b>206.909</b>
Business Rates, Top-up, S31 Grants & RSG	(13.075)	(3.314)	(3.380)	(3.448)	(23.216)
Council Tax	(8.456)	(0.632)	(0.629)	(0.632)	(10.348)

<b>Table 2: Medium Term Financial Plan 2024/25 to 2027/28 (incremental)</b>					
<b>Budget Item</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>cumulative £m</b>
Collection Fund	(2.822)	1.207	0.000	0.000	(1.615)
<b>Funding Adjustments</b>	<b>(24.352)</b>	<b>(2.738)</b>	<b>(4.009)</b>	<b>(4.079)</b>	<b>(35.179)</b>
<b>Budget Gap (+) / Surplus (-) to be funded from Exceptional Financial Support</b>	<b>41.024</b>	<b>27.932</b>	<b>43.326</b>	<b>59.447</b>	<b>171.730</b>
Exceptional Financial Support	(41.024)	41.024	0.000	0.000	0.000
<b>Net Budget Gap (+) / Surplus (-) after Exceptional Financial Support</b>	<b>0.000</b>	<b>68.957</b>	<b>43.326</b>	<b>59.447</b>	<b>171.730</b>

#### 6.4 MTFP Assumptions 2025/26 to 2027/28

6.4.1 The working assumption from a planning purpose is that there is no change to either the level of funding or costs at this stage from what was approved by the Executive and City Council in February 2024 and March 2024 respectively. Assumptions will continue to be stress tested against various scenarios in parallel to the budget process. Changes to the budget gap will continued to be reported in accordance with the timetable set out in section below.

6.4.2 Summarised below are the key assumptions which feed into the MTFP.

- a) Council tax increases
  - As the decisions to increase Council Tax is subject to City Council approval, no increase has been assumed beyond 2024/25.
- b) Council taxbase
  - Assumed council taxbase increase of 0.4% in 2025/26 and beyond
- c) Retained Business Rates
  - Future increases in Retained Business Rates and associated section 31 grants reflect only CPI inflation projections with working assumption of nil underlying growth.
- d) Government Grants
  - Where national increases are known for specific grants, an estimated future projection has been included based best available information.
  - Assume that all other specific grants will continue at their current level for all future years.
- e) Pay Inflation
  - Assumed pay inflation equivalent to 5% for 2025/26, 4.5% in 2026/27 and 4% in 2027/28 and beyond.
- f) Contract Inflation
  - No general increase for contractual inflation, the process entailed for Corporate Directors and their DLT leads to submit growth business case identifying specific inflationary needs.
- g) Service and Corporate Growth
  - The process entailed for Corporate Directors and their DLT leads to submit growth cases identifying specific demographic, service, and other pressures for consideration.
- h) General Risk Contingency

- Creation of one-off £4m contingency in 2024/25 has been reversed on 2025/26.

i) Reserves and Balances

- Payback of internal borrowing from earmarked reserves of £20.0m for building financial resilience in 2023/24 has been reprofiled to £2.3m per year over two MTFP cycles with the final repayment in 2031/32.
- Annual contribution of £1m to the General Fund Balance
- One-off £10m contribution to the Financial Resilience Reserve in 2024/25 reversed out on 2025/26.

6.4.3 All these budget assumptions will be subject to on-going review in light of changing circumstances.

## 6.5 Council Tax

6.5.1 A key component of the budget strategy requires the Council to consider and explore the option to increasing Council Tax above the referendum level. Referendum limit is the statutory limit set out in legislation which allows the Council to increase its local council tax above the maximum amount only when permission is sought from Secretary of State and potential to undertaking local referendum. For 2024/25 the referendum limit was 4.99% (2.99% core council tax and 2% adult social care precept), allowing Councils to set local council tax increases up to 4.99% without having to seek permission from the Secretary of State and undertaking local referendum – for example Woking, Slough, and Thurrock were allowed to increase to their Council Tax by 10%. For 2024/25 the Council, like most local authorities approved to increase council tax by 4.99%.

6.5.2 Due to the significant financial challenge being faced by the Council, it is prudent for all options to be discussed with DLUHC in consultation with Commissioners and Leadership, with any final decision on level of Council Tax increase to be brought back for members to take as part of the annual budget and council tax resolution decision scheduled for City Council in March 2025.

6.5.3 For illustrative purposes a 1% council tax increase equates to £1.489m (based on current council taxbase), therefore a 4.99% increase will equate to £7.429m whilst a 9.99% increase will equate to £14.879m. Any increase above the referendum limit will look to consider cost of additional support through the council tax support scheme and collection of debt.

6.5.4 It must be emphasised, that no discussions have been had within the Council on this issue, nor with DLUHC. This section is included here for information purposes only.

## 6.6 Council Tax Support Scheme

6.6.1 The Council operates a local council tax support scheme which takes the form of council tax discount. The amount that is estimated to be granted in 2024/25 is the equivalent of 19,429 discounts, equating to £32.2m of which the Councils share of cost is £27.4m.

- 6.6.2 The scheme is being reviewed in 2024/25 with view to consult on proposed changes in 2024.
- 6.6.3 Impact of any proposed increase to council tax above the referendum limit will need to be modelled to ascertain impact on the council tax support awards and thereby the collectable income.

**7. Budget Process and Timetable**

- 7.1 Due to the revised strategy and approach for 2025/26, a revised budget governance process is being established building and expanding on the 2024/25 budget process. The budget process will look to integrate financial and corporate planning to the improvement plan and Commissioners Exit Strategy to provide CLT and the Executive a wider understanding of changes required and their impact.
- 7.2 Set out below in the table below is the draft budget timetable.

<b>Table 2: Budget Timetable</b>	
<b>Month</b>	<b>Key Activities</b>
March 2024	<ul style="list-style-type: none"> <li>• Engagement with Commissioners on the proposed Budget Strategy</li> </ul>
April / May 2024	<ul style="list-style-type: none"> <li>• Engagement with CLT, Leadership and Executive on proposed Budget Strategy.</li> </ul>
June 2024	<ul style="list-style-type: none"> <li>• Executive Board - 2025/26 Budget Strategy Report</li> <li>• Submit Budget Strategy to DLUHC (<i>subject to approval by Executive Board</i>)</li> </ul>
July – October 2024	<ul style="list-style-type: none"> <li>• Departments developing proposals</li> <li>• DLT / CLT / Executive Member Challenge Sessions</li> <li>• Engagement</li> </ul>
November 2024	<ul style="list-style-type: none"> <li>• Member sign-off</li> <li>• <i>Autumn Budget Statement (tbc)</i></li> </ul>
December 2024	<ul style="list-style-type: none"> <li>• Executive Board - 2025/26 Budget and Medium Term Financial Plan Report</li> <li>• Executive Board report to approve HRA budget and 30-year business plan (provisional)</li> <li>• <i>Launch of Public Budget Consultation (tbc)</i></li> <li>• <i>Provisional Local Government Finance Settlement (tbc)</i></li> </ul>
January 2025	<ul style="list-style-type: none"> <li>• Council Tax base and forecast collection fund surplus or deficit</li> <li>• Corporate Scrutiny Committee: Budget consultation input (tbc)</li> <li>• Schools Forum to approve Schools Budget (tbc)</li> </ul>
February 2025	<ul style="list-style-type: none"> <li>• <i>Final Local Government Finance Settlement (tbc)</i></li> <li>• Audit Committee – Consider Treasury Management Strategy and Capital Strategy (tbc)</li> <li>• Corporate Scrutiny Committee: Budget Report (tbc)</li> </ul>

<b>Table 2: Budget Timetable</b>	
<b>Month</b>	<b>Key Activities</b>
March 2025	<ul style="list-style-type: none"> <li>• City Council – 2025/26 Budget and Council Tax Resolution</li> </ul>

## **8. Other options considered in making recommendations**

8.1 With a significant financial challenge being faced by the Council in 2025/26 and beyond the Council needs to set a budget strategy providing a strategic financial framework and direction of travel for the Council to work within; even in the absence of having in place updated strategic council plan, council's improvement plan and commissioners exit strategy.

8.2 The budget strategy will not only allow the Council to meet the condition of the EFS but also to allow for the organisation to start developing and formulating credible plans that will allow the Council to set a balanced budget.

## **9. Consideration of Risk**

9.1 The Section 151 Officer is required to provide his statutory advice to Council on the robustness of the budget estimates and adequacy of reserves. More recently the Section 151 Officers' professional opinion was clearly set out in Appendix 1 of the budget report to City Council on 4 March 2024, setting out the risks and conditions for the 2024/25 budget, reasonably based on the best available information and assumptions at the time.

9.2 The Council has significant financial challenge ahead, even with the EFS the Council has to deliver c£41m of the budget gap it will be carrying forward in 2025/26 before it can look to fund new pressures. The uncertainties of the economic environment over the short to long term also present a high risk for the Council with regards to its ability to deliver a balanced budget over the medium term, and inevitably there remains potential for further, as yet unrecognised, risks.

9.3 It will be essential for CLT to continue to exercise firm financial management throughout this year and for the forthcoming year through the close monitoring of budgets and where needed, take appropriate action.

9.4 Given the unique operating context of Nottingham City Council, the following are most immediate risks for the budget process which need to be considered by the Section 151 Officer when determining adequacy of reserves and financial resilience:

- Organisational ability to develop and deliver
  - 2023/24 in-year General Fund balance budget following issuance of s114(3) report; and
  - the scale of change required in delivering the officer developed saving proposals, as presented within this report.
- Delivery record on approved savings programmes to date

- Likelihood of further in year variances (overspends) against approved budget in particular social care placement and temporary accommodation pressures, which continue to be partly mitigated by one-off spend controls and transformational cost reduction programmes which are closely monitored by Leadership and CLT
- Unforeseen shocks or circumstances resulting in financial cost spikes
- Subsidiary company risk - loans and risk of liabilities materialising
- Prior year accounts and historic accounting treatments & practice corrections
- Assumptions regarding debt collection and impact on the collection fund
- Economic factors such as inflation and interest rate environment
- Major project challenges and failure
- Capital receipts not being sufficient to meet existing capital obligations
- Unfunded income loss pressures as a result of the long-term impact of the pandemic and cost of living crisis, particularly in relation to Council Tax and Business rates income.

9.5 Given the Councils recent history, and in the context of the strategic risks set out above, it is reasonable and prudent to set aside appropriate amounts within reserves to provide for either a single or multiple scenarios manifesting, which will be considered by the Section 151 Officer when determining adequacy of overall reserves as part of the annual budget setting process.

9.6 As part of the 2024/25 budget report the Section 151 Officer recommended an increase to the General Fund balance including recurring contribution of c£1m over the MTFP period to remain and one-off contribution from 1 April 2024 to bring the General Fund balance close to the 7.5% level.

9.7 Given the uncertainties of the economic environment, impact of cost of living, inflation and interest rates, long-term impact of the pandemic and expenditure reductions of a significant scale required, there are inevitably significant risks involved in delivering balanced budgets over the medium term. Key strategic risks will continue to be;

- included in the Corporate Risk Register;
- regularly reported to Audit Committee; and
- reviewed through updated Budget and MTFP Strategy reports to the Executive Board.

9.8 The most immediate risks to the budget process are:

- The Council unable to approve a 2025/26 balanced budget and set council tax by 11 March 2025.
- Unfunded income loss pressures as a result of the long-term impact of the pandemic particularly in relation to Council Tax and Business rates income.
- The Council will continue to closely monitor the impact of these income streams and support lobbying to government as a region to ensure the Council can be fully compensated for these losses.
- Non-delivery of the approved savings.



- Continuing pressures across social care (children’s and adults) and temporary accommodation materialising next year.

9.9 The Council is faced with an uncertain financial climate over the medium to long term which presents a high risk to the authority and there remains potential for further, as yet unrecognised, risks. For this reason, a prudent approach to the level of reserves held by the Council remains sensible and necessary. This is in line with the Section 151 Officer’s annual statement on adequacy of reserves which formed part of the budget report to Council in March 2024.

9.10 The Council’s MTFP is continually under review and builds in projections for the MTFP period and beyond as further details and analysis become available. These updates are regularly reviewed by CLT and the Executive Lead and updates on the financial environment the Council is operating in will be provided in Budget Strategy reports to Executive Board. Any sustainability impacts will be considered before final decisions are taken on whether or not to implement each proposal.

## **10. Best Value considerations**

10.1 The Best Value requirement to demonstrate the continued financial sustainability of the Council has been set out in the 2024/25 Budget and Council Tax Resolution report to City Council on 4 March 2024 and 2024/25 Budget and MTFP report to Executive Board on 13 February 2024.

10.2 Throughout the budget process the Council has taken a proactive and planned approach to delivering best value and financially sustainable services to its communities over the longer term. This will continue as the Council’s agreed plans are delivered during 2024/25 and subsequent years.

## **11. Commissioner comments**

11.1 Feedback from commissioners has been incorporated throughout the report.

## **12. Finance colleague comments**

12.1 Finance comments are contained within the main body of the report and in the accompanying appendices.

## **13. Legal colleague comments**

13.1 The Council is required to set a balanced budget for 2025/26 before 11 March 2025 and this report is one of the first formal steps to achieving that requirement. The relevant considerations and the rationale for the budget strategy are set out in detail in the body of the report

13.2 The setting of the balanced budget includes the duty to report to the Council on the robustness of the estimates provided and the adequacy of the financial reserves in place. Section 31A of the Local Government Finance Act 1992 and Section 25 of the Local Government Act 2003 refer. The Council’s prospective expenditure must not be likely to exceed its resources available to meet that expenditure.

13.3 Councillors are subject to the Council's duty to set a balanced budget. Councillors must receive and take into account the advice of officers, particularly the Section 151 officer, when considering and deciding the Council's budget. As the decision makers, members must have due regard to the Council's equalities duties when setting the budget.

13.4 Exceptional Financial Support as approved by DLUCH is subject to conditions that must be complied with. The recommendations in this report raise no significant legal issues and are supported.

Beth Brown, Director of Legal and Governance, 27 May 2024

#### **14. Procurement comments**

14.1 Not applicable.

#### **15. Crime and Disorder Implications**

15.1 Not applicable.

#### **16. Social value considerations**

16.1 Not applicable.

#### **17. Regard to the NHS Constitution**

17.1 Not applicable.

#### **18. Equality Impact Assessment (EIA)**

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

No



EIAs are tools that help the Council make sure its policies, and the ways it carries out its functions, do what they are intended to do and for everybody. Although an EIA is not required at this time, relevant proposals will be subject to an EIA, as appropriate which will be considered prior to any decisions being taken.

At this time an EIA is not required for this report

#### **19. Data Protection Impact Assessment (DPIA)**

19.1 Not applicable.

#### **20. Carbon Impact Assessment (CIA)**

20.1 Not applicable.

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

21.1 Refer to section 7 of this report.

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

City Council	
2024/25 Budget and Council Tax Resolution	4 March 2024
Response to Statutory Recommendation from the Council's External Auditor	4 March 2024
Executive Board	
2024/25 Budget and Medium-Term Financial Plan	13 February 2024

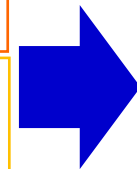
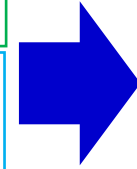
- Organisational redesign
- Benchmarking
- Outcome based budgeting
- Zero base budgeting
- Service lean reviews
- Business process reengineering
- Targeted use of external consultants

Page 68

**Budget Tools**



<b>Service Redesign</b>	<ul style="list-style-type: none"> <li>• Service efficiencies, redesign and transformation including early intervention and prevention – benchmark driven</li> <li>• Delivery model assessment or equivalent / make or buy option</li> <li>• Commissioning and market making</li> <li>• Voluntary/Community Sector and EMCCA</li> </ul>
<b>Income and Debt</b>	<ul style="list-style-type: none"> <li>• Council Tax Increases (above precept)</li> <li>• Council Tax Support Scheme Review</li> <li>• Fees and Charges</li> <li>• Income and debt recovery</li> <li>• Early repayment of long-term debt / CFR reduction</li> </ul>
<b>Asset Rationalisation</b>	<ul style="list-style-type: none"> <li>• Asset utilisation</li> <li>• Service provision consolidation</li> <li>• Asset disposal pipeline</li> </ul>
<b>Transformation and Change</b>	<ul style="list-style-type: none"> <li>• Councils Operating Model</li> <li>• New Ways Of Working (NWOW)</li> <li>• Tiers and Spans</li> <li>• Supporting delivery programmes that aim to reduce the overall budget gap over the MTFP period</li> </ul>
<b>Efficiency</b>	<ul style="list-style-type: none"> <li>• Digitalisation / automation of process / system optimisation</li> <li>• Consolidation / centralisation of functions</li> <li>• Reduce / stop discretionary spend</li> <li>• Procurement and commercial strategies</li> </ul>
<b>Technical Review</b>	<ul style="list-style-type: none"> <li>• Subsidiary Reviews – retain/invest/dispose</li> <li>• Review MTFP assumptions and Corporate Budget</li> <li>• Capital programme review</li> <li>• Pension Fund contributions</li> <li>• Reserve and balance sheet reviews</li> </ul>



**Budget Objectives  
And  
Budget Principles**

*All theme activities will be undertaken but these will be prioritised to ensure resources are appropriately allocated against those with the largest return*

<b>Subject:</b>	Nottingham Economic Growth Plan
<b>Corporate Director(s)/Director(s):</b>	Sajeeda Rose, Corporate Director for Growth and City Development
<b>Executive Member(s):</b>	Cllr Ethan Radford, Executive Member for Skills, Growth and Economic Development
<b>Report author and contact details:</b>	Chris Pook, <a href="mailto:chris.pook@nottinghamcity.gov.uk">chris.pook@nottinghamcity.gov.uk</a> Matt Wheatley, <a href="mailto:matthew.wheatley@nottinghamcity.gov.uk">matthew.wheatley@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(a) <input 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	
<b>and/or</b>	
(b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input type="checkbox"/> Capital ( <b>neither</b> )	
If Capital, provide the date considered by Capital Board Date:	
<b>Total value of the decision:</b> n/a	
<b>Section 151 Officer expenditure approval</b>	
Has the spend been approved by the Section 151 Officer? <input checked="" type="checkbox"/> N/a	
Spend Control Board approval reference number:	
<b>Commissioner Consideration</b>	
Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Any comments the Commissioners wish to provide are listed below.	
<b>Wards affected:</b> All	
<b>Date of consultation with Executive Member(s):</b> 23 <sup>rd</sup> April 2024	
<b>Relevant Council Plan Key Outcome:</b>	
Clean, Green and Connected Communities <input type="checkbox"/>	
Keeping Nottingham Working <input checked="" 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 checked="" type="checkbox"/>	
Improve the City Centre <input type="checkbox"/>	
Better Housing <input type="checkbox"/>	
Serving People Well <input checked="" type="checkbox"/>	
<b>Summary of issues (including benefits to citizens/service users):</b>	
The Nottingham Economic Growth Plan will benefit citizens of Nottingham by creating a clear plan for achieving a more successful and inclusive economy by 2030.	
There are no direct financial implications for Nottingham City Council.	
The Economic Growth Plan will leverage the convening role of the Council to bring partners together to implement a shared plan to deliver a shared vision of sustainable and inclusive	

economic growth and a more prosperous city. It will support the prioritisation of investments, and partnership working. It will inform the city's engagement with the East Midlands Mayoral County Combined Authority (EMMCCA) by providing a clear and strategic vision for Nottingham's economic growth alongside a comprehensive outline of the City's current economic status, its ambitions for the future, and the initiatives required to achieve these aims.

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

**No**

**Recommendation(s):**

**1** To endorse and approve the final draft of the Nottingham Economic Growth Plan

**2** To delegate authority to the Corporate Director of Growth & City Development to approve any presentational refinements and launch the Nottingham Economic Growth Plan with our partners on the Growth Board

## 1. Reasons for recommendations

- 1.1 Nottingham's Economic Plan for Growth sets out the City's plans for achieving inclusive and sustainable economic growth by 2030.
- 1.2 The plan centres around a unifying vision to **“Deliver a vibrant, sustainable, and investment-friendly Nottingham that promotes inclusion, secures resilience, and unlocks prosperity for both residents and businesses.”** This vision is grounded in the belief that a truly successful economy benefits all members of the community, not just a select few
- 1.3 Given the increasing resource constraints on the Council, successful delivery of economic development activities requires increasing collaboration with partners and securing external funding, particularly through competitive bidding. This is a plan developed through significant consultation and engagement with partners, particularly the Nottingham Growth Board and an up to date analysis of the local economy undertaken by EY and summarised in the Plan. It uses this analysis and stakeholder feedback to describe the current economic conditions and identify the future opportunities for sustainable and inclusive growth in Nottingham to 2030. It will support the Council to have informed engagement with the EMMCA and other bodies about the investments required to drive sustainable and inclusive growth in Nottingham.
- 1.4 Approving the Plan will enable the Council to launch the plan, celebrate economic success stories in Nottingham and pursue funding opportunities and collaborations, particularly with EMMCCA, to deliver the Plan.

## 2. Background (including outcomes of consultation)

- 2.1 The draft Nottingham Economic Growth Plan has been developed through significant data analysis and stakeholder engagement.

*Stakeholder engagement:*

- 2.2 During the summer and autumn of 2023, eight stakeholder engagement sessions took place, followed by two sessions with Nottingham City Council Members. In addition, the Nottingham Growth Board have held four meetings specifically to consider the Plan and returned comments on draft versions.

#### *Public consultation*

- 2.3 A period of public consultation was undertaken between 9th February and 25th March with 170 responses to an online survey. In addition, the Consultation team delivered facilitated discussion with Nottingham College students, the Disability Inclusion Group and the STEM-City partnership. A summary of the outcomes of public consultation was presented to the Growth Board on 24th April and has been used to refine the final draft document.

#### *Vision and Ambitions*

- 2.4 The plan provides a detailed framework of activity for partners in the city to pursue to achieve sustainable and inclusive economic growth. The Plan includes the following vision:

*To deliver a vibrant, sustainable, and investment-friendly Nottingham that promotes inclusion, secures resilience and unlocks prosperity for our residents and businesses.*

The headline **ambitions** for the city are:

- To facilitate additional employment of 15,000 new jobs by 2030
- To generate £500m of additional GVA by 2030 in the city
- Develop infrastructure and services for a growing population
- To secure the next £4bn of regenerative investment in the city

The plan has **12 priority** areas of focus across **four themes** of economic growth, each with their own vision for improving the current position:

- 2.1 People and Skills
- 2.2 Enterprise and Investment
- 2.3 Infrastructure and Regeneration
- 2.4 Liveability and Experience

Building on data, the plan describes Nottingham as

- a young, creative, entrepreneurial and dynamic city
- the economic hub of the East Midlands
- a well-connected city
- a City with exciting regeneration opportunities
- a creative, innovative city and a city of learning.
- A City with universities that collaborate with businesses and organisations and attract students and visitors from across the globe.
- the cultural hub of the East Midlands
- a City that has led the way in local action to deliver 'net zero'
- but also,
  - a City that faces continued challenges around supporting everyone to be able to participate in and benefit from economic growth
  - a city with significant levels of deprivation and inequality in neighbourhoods and communities

The Economic Growth Plan provides a focus for building on our strengths and tackling our challenges. It does this by identifying a suite of proposed actions across the thematic areas. These can be summarised as follows:

### **People & Skills**

- The delivery of NEET transition training programmes
- Launch the 'Nottingham good work programme'
- Develop an all age careers guidance service
- To work with the EMCCA to develop an approach to future devolution of employment support services:
  - Delivering foundational skill programmes:
  - Delivering business needs led short courses across Nottingham:
  - Drive apprenticeship demand in Nottingham.
  - Maximise graduate retention in the city

### **Enterprise & Investment**

- Develop emerging sector growth plans
- Further develop sector focussed business networks
- Identification and acceleration of investment opportunities in the Green Economy
- Redefine and strengthen the future of SME support:
  - Provide support for growing firms to help them access investment
  - Launch 'Opportunity Nottingham'

### **Infrastructure & Regeneration**

- Unlock Nottingham's potential through innovative use of space, densification, and enhanced collaboration
- Encourage land assembly
- Develop Business Cases for Net Zero Investments in the City
- Undertake joint infrastructure planning
- Support the development of an East Midlands Transport Strategy
- Undertake a digital inclusion programme

### **Liveability & Experience**

- Develop clear and compelling vision for new regeneration sites
- Set investor targets
- Champion the vision and objectives of the Greater Nottingham Strategic Plan
- Undertake strategic enhancements to our neighbourhoods
- Develop and Implement a Plan for the enhancement and management of the City Centre
- Enhance and Co-ordinate the visitor economy offer
- Develop a visitor economy marketing strategy

### *What's Next*

- 2.5 The Council will work with partners, including the Nottingham Growth Board, to develop a Delivery Framework for the Plan, identifying lead roles and the contributions that partners can make, and continue a strategic dialogue with EMMCCA to promote investment that supports delivery of the Plan and the emerging EMMCCA Strategic Framework.



2.6 The Council will monitor, manage and report on progress towards implementation of the Plan, with the Nottingham Growth Board playing an advisory role.

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

3.1 As a key strategic organisation in the city and integral member of the Nottingham Growth Board, the Council will convene and collaborate with partners to facilitate activity that contributes to positive economic outcomes for our citizens. Not approving the plan would leave Nottingham without an up to date Plan for Economic Growth, the development of which was an instruction of the Improvement and Assurance Board.

### **4. Consideration of Risk**

4.1 Risk of not endorsing the Economic Growth Plan would result in the plan not being formally launched as a framework of sustainable activity to support a successful economy for citizens in Nottingham and leave Nottingham without an up to date Plan to use to secure external funding. Mitigation of this risk is by way of this report and the significant amount of stakeholder engagement, including many Councillors and Council officers, that has already taken place in recent months.

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

5.1 Given the increasing resource constraints on the Council, successful delivery of economic development activities requires increasing collaboration with partners and securing external funding, particularly through competitive bidding. This is a plan developed through significant consultation and engagement with partners and provides a platform to pursue shared priorities and level external funding to deliver them. for the benefit of Nottingham citizens.

### **6. Commissioner comments**

6.1 Commissioners have noted the report and see it is not costed. Plans will need to be aligned to the Councils budget process.

### **7. Finance colleague comments (including implications and value for money/VAT)**

7.1 This report is seeking approval of the final draft of the Nottingham Economic Growth Plan and to delegate authority to the Corporate Director for Growth and City Development to launch the Nottingham Economic Growth Plan with its partners. There are no direct financial implications arising from this report.

### **8. Legal colleague comments**

8.1 There are no significant legal implications arising from this report. Beth Brown, Director of Legal & Governance, 16 May 2024.

### **9. Other relevant comments**

9.1 N/a

**10. Crime and Disorder Implications (If Applicable)**

10.1 N/a

**11. Social value considerations (If Applicable)**

11.1 The plan has an underlying focus on inclusion of city residents in the Nottingham economy. It aims to target those who are most disadvantaged with a view to enabling them to become economically active and actively engaged in the local economy. This will include a focus on employment pathways, recruitment, skills provision and careers support as well as encouraging greater opportunities for our residents to benefit from a flourishing economy such as improved transport and connectivity, infrastructure provision and access to services.

**12. Regard to the NHS Constitution (If Applicable)**

12.1 The Economic Growth Plan includes consideration of the links between health and the economy and has included consultation with colleagues in Public Health.

**13. Equality Impact Assessment (EIA)**

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

No   
An EIA is not required because:  
(Please explain why an EIA is not necessary)

Yes   
Attached as Appendix 1, and due regard will be given to any implications identified in it.

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

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

No

A DPIA is not required because the Economic Growth Plan does not include any personal data.

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

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

No   
A CIA is not required because the production of the Economic Growth Plan itself does not have any carbon impact.

Yes

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

16.1 n/a

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

17.1 n/a

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# NOTTINGHAM'S ECONOMIC PLAN FOR GROWTH

## 2024-2030

FRONT COVER

10<sup>th</sup> June 2024

*(Draft in progress – minor changes to some of the graphics are ongoing.  
Please ignore any inconsistencies with wording)*

# TABLE OF CONTENTS

## Contents

1. FOREWORD.....	3
2. INTRODUCTION .....	4
3. EXECUTIVE SUMMARY.....	5
4. The Nottingham Economy.....	8
The Nottingham Economy – Statistical Summary .....	12
The Nottingham Economy: Summary of our Strengths, Weaknesses, Opportunities and Threats .....	16
5. SUCCEEDING IN NOTTINGHAM .....	17
6. OUR 2030 VISION FOR NOTTINGHAM.....	18
Themes and Ambition .....	18
ENABLERS OF PROGRESS.....	20
7. INVESTMENT THEMES .....	21
7.1 People and Skills .....	21
7.2 Enterprise and Investment .....	28
7.3 Infrastructure and Connectivity.....	34
7.4 Liveability, Experience and Regeneration .....	39
8. DELIVERY.....	44
Appendix 1: Priorities, Objectives, Delivery Methods and Proposed Key Actions.....	46
Appendix 2 – Approach to Identifying Actions.....	50
Appendix 3 – Ambition and Outcome Measures .....	51

## 1. FOREWORD

Welcome to Nottingham's Economic Plan for Growth—a bold, vibrant, and visionary roadmap to a dynamic, inclusive, and sustainable future.

This plan harnesses the city's strengths and targets areas for impactful action. Our goal is to transform Nottingham into a thriving hub of prosperity, inclusivity, and green innovation. Imagine a city where businesses flourish, investments soar, and communities thrive—this is the Nottingham we envision.

This is not a plan for growth at any cost; it's about smart, responsible, and sustainable progress. We are committed to green growth, creating a safe and Child-Friendly city, and tackling deprivation and health inequalities head-on. Rooted in Nottingham's rich tradition of innovation and forward-thinking, this plan sets us on a course towards a bright and sustainable future for all.

Nottingham is already home to dynamic sectors like Creative and Digital, Health and Life Sciences, and Manufacturing. We also boast excellent educational institutions, impressive sustainable transport connectivity, an exciting regeneration agenda and a strong cultural, heritage and sporting offer. Our city has the potential for greatness, but in today's challenging economic climate, we need bold and impactful strategies to drive us forward.

Our ambitious targets include generating an additional £500 million in GVA, creating 12,000 new jobs, and developing the infrastructure and services to support future population growth across both the city and Greater Nottingham area to secure the next £4bn of regenerative investment in our city.

To deliver these ambitions this plan sets out 26 targeted actions to spur on positive change both in the immediate and longer-term.

Key to the plan's success is a strong partnership with stakeholders across Nottingham and beyond. This collaborative approach underscores our commitment to unified growth and development, ensuring a prosperous future for all.

Nottingham is the economic and cultural heart of the East Midlands, and our success is pivotal to the region's prosperity. We are perfectly positioned to embrace the new East Midlands Mayoral Combined County Authority. Together we are ready to grasp new opportunities to drive forward impactful, large-scale interventions towards inclusive, clean and sustainable growth.

This plan is ambitious and forward-looking, with clear objectives to foster inclusive growth and build a united community that works together towards shared success. We are confident that by working together and leveraging our strengths, Nottingham will thrive and prosper, securing a positive and vibrant future for all its residents.

Join us on this exciting journey as we turn our vision into reality, unleashing our city's potential and make Nottingham a beacon of innovation, sustainability, and shared prosperity!

LEADER / PORTFOLIO HOLDER

CHAIR OF GROWTH BOARD

## 2. INTRODUCTION

This plan is a catalyst to ignite positive change - sparking constructive dialogue, stimulating collaboration, and uniting key stakeholders from across the private, public, voluntary, community and educational sectors. Nottingham's Economic Growth Plan is designed to drive our city forwards towards a shared agenda for sustainable, inclusive growth.

Built on extensive economic research and enriched by widespread consultation, this plan reflects the collective vision and insights of partners across Nottingham. Guided by the Nottingham Growth Board, we're setting our sights on a shared vision for 2030, and we're excited to embark on this journey together.

The creation of the East Midlands Mayoral Combined County Authority offers new opportunities to accelerate growth in Nottingham, benefitting the entire East Midlands. Through this powerful collaboration, Nottingham can join forces with neighbouring local authorities to drive regional transport and infrastructure projects which unlock unprecedented growth. Plus, the Combined Authority will elevate Nottingham's status as a regional hub of excellence in life sciences, digital and creative industries, and advanced manufacturing, paving the way for exciting new business opportunities across the region and beyond.

This Economic Growth Plan puts Nottingham's ambitious goals front and centre within this regional context. It's a focused, strategic plan to harness our city's potential and propel us toward a prosperous future.

Crafting the Nottingham Economic Growth Plan has been a truly collaborative endeavour, with invaluable input from a diverse range of stakeholders. Developed through a comprehensive four-stage process, this plan is rooted in evidence-based interventions designed to deliver real results. A high-level overview of this approach is outlined below and set out in more detail in Appendix 2.

### **Delivering the Plan**

To deliver this plan we will set out a Delivery Framework for our 26 targeted actions defining clear roles and harnessing the unique strengths of our partners to accelerate our progress. Our strategic dialogue with the East Midlands Mayoral Combined County Authority (EMMCCA) will keep the momentum strong and investment aligned with our strategic goals.

Nottingham City Council will be a dedicated progress champion, monitoring, managing and reporting progress every step of the way. The Nottingham Growth Board will take the helm, keeping our partnership on track and ensuring our efforts are informed by insights and expertise from across the business community and key stakeholders.

Get ready to be part of Nottingham's thriving and prosperous future. Together, we will bring our bold vision to life, realise our ambitious targets and make Nottingham a model of innovation, collaboration and shared economic success.



















### 3. EXECUTIVE SUMMARY

Nottingham’s Economic Plan for Growth sets out a roadmap to a brighter, more prosperous future by 2030. The plan centres around a unifying vision to **“Deliver a vibrant, sustainable, and investment-friendly Nottingham that promotes inclusion, secures resilience, and unlocks prosperity for both residents and businesses.”** This vision is grounded in the belief that a truly successful economy benefits all members of the community, not just a select few. Building on data, the plan describes Nottingham as:

- a young, creative, entrepreneurial and dynamic city
- the economic hub of the East Midlands
- a well-connected city
- a city with exciting regeneration opportunities
- a creative, innovative city and a city of learning.
- A City with universities that collaborate with businesses and organisations and attract students and visitors from across the globe.
- the cultural hub of the East Midlands
- a city that has led the way in local action to deliver ‘net zero’
- but also,
  - a city that faces continued challenges around supporting everyone to be able to participate in and benefit from economic growth
  - a city with significant levels of deprivation and inequality in neighbourhoods and communities

Nottingham isn’t just any city—it’s a dynamic hub of youth, creativity, and entrepreneurship, poised at the heart of the East Midlands. But we also recognise our challenges. Despite our strengths, some in our community still face barriers to economic participation, and pockets of deprivation and inequality persist. That’s why our Economic Growth Plan is laser-focused on building on our strengths while addressing these challenges head-on.

To this end, we have set out 12 strategic priorities within the plan, organised around four key economic themes: People and Skills, Enterprise and Investment, Infrastructure and Connectivity, and Liveability, Experience and Regeneration.

 <b>People and Skills</b>	<b>Priority 1:</b> Cultivate meaningful employment 	<b>Priority 2:</b> Raise educational attainment 	<b>Priority 3:</b> Enhance employment productivity 
 <b>Enterprise and Investment</b>	<b>Priority 4:</b> Accelerate emerging sectors 	<b>Priority 5:</b> Nurture existing businesses 	<b>Priority 6:</b> Attract new enterprise investment 
 <b>Infrastructure and Regeneration</b>	<b>Priority 7:</b> Drive housing growth 	<b>Priority 8:</b> Heartbeat of the East Midlands 	<b>Priority 9:</b> Enhance connectivity 
 <b>Liveability and Experience</b>	<b>Priority 10:</b> Identify & champion prime regeneration sites 	<b>Priority 11:</b> Flourishing City Centre and Neighbourhoods 	<b>Priority 12:</b> Co-ordinate the visitor offer 

These themes are the fundamental drivers of growth and development for the City of Nottingham – the engines of our progress - carefully designed to deliver on the overarching vision, using the four economic themes to maintain balance and drive progress that addresses the core fundamentals of clean, inclusive and prosperous economic growth.

Our ambitions are bold:

 People and Skills	<b>Economic Ambition:</b> To facilitate additional employment of 12,000 new jobs by 2030.
 Enterprise & Investment	<b>Economic Ambition:</b> To generate £500m of additional GVA by 2030 in the city, by achieving above trend growth.
 Infrastructure & Connectivity	<b>Economic Ambition:</b> Develop infrastructure and services to serve a city population of 345,000 and an urban population across Greater Nottingham of 710,000 by 2030.
 Liveability, Experience & Regeneration	<b>Economic Ambition:</b> To secure the next £4bn of regenerative investment in our city.

To achieve these ambitions, we've outlined 26 specific actions to be undertaken by stakeholders across Nottingham, including Business Groups, Education Institutions, Developers, Regional Bodies and the Council.

These actions span short and long-term strategies, designed to invite collaboration, support ambitious businesses, and shape our city for generations to come.

These ambitions and the associated Delivery Framework will be used to shape and refine the investments that Nottingham will work with the East Midlands Combined County Authority to deliver, helping to leverage wider collaboration and investment for the city. The investment potential goes far beyond the resources that will flow directly to the Combined Authority, as devolution will enable more strategic investment at a regional scale to be levered via additional funding opportunities.

Together with the East Midlands Combined County Authority, we'll leverage our investments, unlock collaboration, and seize every opportunity to propel Nottingham into a future of unlimited potential.

This Economic Growth Plan is a call to action, uniting partners, aligning visions, and driving collaborative progress for all.

## 4. The Nottingham Economy

**Nottingham today is a young, creative, entrepreneurial and dynamic city** with an economy worth approximately £11bn and a diverse range of industrial strengths. These include Creative and Digital, Health and Life Sciences, E-Sports, Low Carbon Clean Technology, and Advanced Manufacturing sectors.

**Nottingham is the economic hub of the East Midlands** as well as its biggest city. Nottingham has a dynamic and complementary economic relationship with the City of Derby, the towns and villages of the East Midlands and other UK cities.

Approximately 50% of the Nottingham workforce lives outside the city and in 2023 an estimated 85% of ticket sales in the city's performing arts venues were to visitors to the city. Furthermore, over 65% of those were beyond a 30-minute drive time of the city centre, proving Nottingham's offer provides a significant draw well beyond the city boundary. A flourishing Nottingham economy is key to a flourishing East Midlands economy.

In recent years, the Nottingham economy has experienced major changes. Like other cities, Nottingham has been affected by the COVID 19 pandemic and the acceleration in trends towards remote working and online retail that it has brought. Like the economy as a whole, the city is changing. New firms are being born; existing firms are growing. There are new markets and new challenges.

Nottingham's economic recovery from the contraction during the Covid pandemic has been slower than overall UK recovery and, in line with other major cities, is forecast to grow less quickly than the UK, which threatens to widen economic inequalities.

This is a plan for today's economy but a plan that charts progress towards our vision of where we want to be in 2030. It is a plan to tackle the economic challenges we face and collectively make the most of our economic opportunities. It is a plan to nurture and develop our areas of strength and address our weaknesses.

There are plenty of positives for the Nottingham economy. **Nottingham is a well-connected city**, with better access to employment by public transport and walking than other major Cities and high demand for housing. It is a place people want to live, Nottingham is centrally located with 77% of the UK's entire population within a four-hour drive and 2.1m people in its travel to work area.

**Across the city there are exciting regeneration opportunities** underway, including the Island Quarter, Broadmarsh and the Castle Meadow campus. For the future, there is significant opportunity on the southern side of the city. This level of transformation can be the foundation for a flourishing city centre and vibrant neighbourhoods, addressing the key challenges and opportunities faced by high street change, the need to develop a modern mix of retail, leisure, offices, residential and public realm space and the opportunities of evolving patterns of work, shopping and leisure.

Nottingham is entrepreneurial, with a higher rate of business births and a lower rate of business deaths than the national average. Furthermore, the medium-term survival rate for new businesses is stronger than the national average over 3-5 years. Using Centre for Cities analysis of the wider Nottingham area, the city is about the average amongst UK cities for business density, with 299 firms per 10,000 (2022).

Numerous new businesses have formed and thrived in Nottingham including 200 Degrees Coffee, Unidays, Sygnature Discovery, Prometheus Particles, Ekko Sense and Impression to name a few. Nottingham

remains home to the headquarters of major businesses such as Boots, Experian, E.ON, Capital One and Games Workshop.

Nottingham attracts foreign direct investment, particularly in digital and IT services but early-stage venture capital investment has fallen in 2022 to a 10-year low. Nottingham is a city that attracts talent in digital, creative, medical, educational and other knowledge driven sectors with a vibrant cultural and visitor sector.

The average level of productivity in the city remains low, which has a strong relationship with the city's lower than average skills profile, lower wages and levels of household income. In short, our level of productivity is a key factor in our overall prosperity.

**Nottingham is a creative, innovative city and a city of learning.** The 'story' of Nottingham has been change driven by pioneering, innovative, disruptive, independent people. People not afraid to be different and do things differently. From Ada Lovelace, Jessie Boot, Alan Sillitoe, Sir Paul Smith, Torvill and Dean, Frederick Gibson Garton, Thomas Hawksley, Dr Stewart Adams and Sir Peter Mansfield to the myriad of people growing dynamic businesses in Nottingham (not to mention Robin Hood!).

Nottingham has world class research capabilities, particularly in universities with a dynamic knowledge economy. Nottingham is home to two high performing universities. The University of Nottingham is a research-intensive university, ranked in the World's 100 Best Universities, second in the UK for graduate employability and seventh for research strength, the birthplace of discoveries such as MRI and ibuprofen, while Nottingham Trent University (NTU), Modern University of the Year 2023, has specialisms in Creative Technologies, Art and Design, Fashion, Green Sustainable Construction, Business, Medical Technologies and Health, and Sciences including forensics and sport. These strengths can be leveraged to help stimulate economic development in strategically important sectors.

The growth of the city's bio-science sector in recent years has shown how the combination of access to targeted support and the right portfolio of accommodation can help grow a high-value knowledge driven cluster. This strategy plans to sustain the success of key sectors but also provide for inclusive innovation where advances in product and process innovation can be applied across the wider economy.

**Nottingham's Universities collaborate with businesses and organisations and attract students and visitors from across the globe.** They are major local employers and support learning and businesses within the city. However, data suggests that we could do better at translating our knowledge and research into innovation, patents and spin-outs within the city.

Alongside its two Universities, Nottingham is also home to one of the biggest Further Education providers in the UK, with Nottingham College supporting thousands of students every year. This provision is complemented by a network of specialist independent training providers.

**Nottingham is the cultural hub of the East Midlands**, not just as a city where culture is consumed but where creativity thrives, and culture is 'produced' and created. This not only provides jobs and visitor spend but creates profile and identity for Nottingham and enhances the attractiveness of the city for workers, particularly in the creative and knowledge sectors. It demonstrates that Nottingham is a place of creativity, expression and innovation. Creative and digital is an area of growing specialisation.

Nottingham's arts, culture and heritage venues are key to attracting visitor spend to the city. A recent study found that between April 2022 and March 2023, Nottingham's art, culture and heritage venues collectively sold 1.93 million tickets, 1.64 million of these (85%) to bookers from outside the city with 66% of bookers resident beyond a 30-minute drivetime of the city centre.

Nottingham's most recent STEAM report estimated that there were 10.8 million day visitors in 2022 (a record year). If this figure is accurate, visiting cultural venues would have comprised approximately 15% of

those visits which is significantly more than the England average of 4% (derived from Visit England's most recent [Day Visit Survey](#)).

**Nottingham has led the way in local action to deliver 'net zero'**. To address climate change, in 2019, Nottingham City Council declared a climate and ecological emergency and, along with its partners, set an ambition to be the first carbon neutral city in the UK by 2028 and developed an action plan to deliver that vision.

Although carbon emissions in the city increased slightly after the easing of pandemic lockdown restrictions, overall, between 2005 and 2021, Nottingham reduced its overall CO2 emissions by 44.7% and its per capita (per person) emissions by 50.7%. These reductions remain better than the overall UK averages of 38% and 43% respectively. Local action includes progressively decarbonising the public bus fleet, increasing the EV (Electric Vehicle) infrastructure and sustainable transport offer, and increasing the energy efficiency of homes and the public estate, driving demand for products, services and skills.

The global race to carbon neutrality or 'net zero' will place new demands on businesses but also open markets for new technologies and services. Nottingham has embraced the 'green economy' as an opportunity for 'green growth' and this strategy embraces green growth not just to deliver a cleaner, healthier city but as a route to delivering greater growth and prosperity.

Although Nottingham has numerous economic assets and growth potential, **Nottingham faces continued challenges around supporting everyone in Nottingham to be able to participate in and benefit from economic growth.** This strategy not only plans for growth that is 'green' but growth that is inclusive too.

Nottingham has challenges in that not enough of its working age population is in employment and those that are in work are in less senior roles that, at the median level, pay less than the national average and require a lower level of skills.

The unemployment rate in Nottingham (5%) is higher than the UK (4.3%) and East Midlands average (3.3%). Alongside higher unemployment Nottingham has high rates of working age economic inactivity with 32% of the resident working age population not being in work compared to 21.5% in United Kingdom. Of those in work, more workers (11%) have no qualifications compared to the UK average of 7%. Nottingham residents are paid, on average, ~20% less than the average UK resident, with median pay in Nottingham at c.£22,250 in Nottingham compared to c.£27,750 in United Kingdom. This is partly due to Nottingham's lower than average productivity per worker £47,740 compared to £55,465 in the UK as a whole. Nottingham's lower workforce pay and higher levels of economic inactivity means that the income of households in Nottingham is the third lowest of all local authorities in England at £15,015 compared to the average of £21,679 (2021).

Nottingham residents experience lower life expectancy than the English and East Midlands average and lower healthy life expectancy. Women born in Nottingham can expect 57.1 years of health compared with the English average of 63.9 years with figures for men being 57.4 years in Nottingham and 63.1 years in England. ([Public health profiles - OHID \(phe.org.uk\)](#)) However, Nottingham has lower levels of economic inactivity due to Long Term Sickness (21.9%) than the East Midlands (26.8%) and England averages (27.2%).

Overall, Nottingham is ranked as the 11<sup>th</sup> most deprived area in England out of 317 district areas<sup>1</sup> and **in certain neighbourhoods and communities there are significant levels of deprivation and inequality** that need to be addressed as part of this Economic Growth Plan.

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<sup>1</sup> Multiple indices of deprivation - 2019

This 'Good Work Challenge' is not new, and the city has historically worked with partners to implement schemes to address worklessness and economic inactivity. This Economic Growth Plan has a focus on supporting 'good work' in Nottingham to strive for inclusion and benefit all our residents.

Good work, that is accessible, pays well and is secure is not only a key factor in supporting local incomes and community prosperity but also for supporting the resilience, independence, health and wellbeing of individuals and families. Helping employers to create roles for 'good work' and for residents to have the skills and other support needed to access them will support not just growth in the local economy but more inclusive growth where the benefit can be felt in local communities and neighbourhoods.

The consequences of poor health and worklessness are not just economic. They are correlated with greater need, driving demand on public services, leading to additional costs. By working with partners to address worklessness and support 'good work', particularly through intervention earlier in life, we can not only support more prosperous communities but support the financial sustainability of local public services.



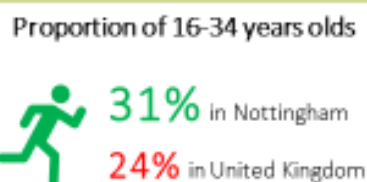
# People and skills

*To cement lifelong learning in the city through a broad educational offer that targets raising employment participation and equips the Nottingham residents with the skills to enjoy rewarding and quality career opportunities*

Where we are now...



Nottingham has a young population and greater portion of its population are of working age.



The young population is driven by **strong educational institutions** in Nottingham.



**c. 65,000**

Combined student population in the University of Nottingham and Nottingham Trent University



Nottingham College **enrols 25,000 students** per year

Nottingham has **high** rates of working age economic inactivity



**32%** in Nottingham  
**21.5%** in United Kingdom



GVA per worker in Nottingham  
**£47,740**

**Lower than** the GVA per worker in the UK of **£55,465**

Median pay in Nottingham is **lower** than the UK median



**c.£22,250** in Nottingham  
**c.£27,750** in United Kingdom

Nottingham residents are paid, on average, **~20% less** than the average UK resident

Proportion of working age population



**70%** in Nottingham  
**63%** in United Kingdom

Working age is defined as people within the age range of 16-64 years old

Employment is concentrated on **less senior roles** in Nottingham



Working population with **no qualifications**



**11%** in Nottingham  
**7%** in United Kingdom

Working population with **Level 4+ qualifications**



**42%** in Nottingham  
**44%** in United Kingdom

Unemployment rate in Nottingham is **higher** than the UK and East Midlands average



**5.0%** in Nottingham  
**4.2%** in United Kingdom  
**3.3%** in East Midlands



# Enterprise and Investment

*Nottingham will be a magnet for sustainable growth, where existing industries are nurtured, and new emerging technologies are empowered to expand and productively contribute to a diverse, growing and prosperous economy.*

Where we are now...



Nottingham is an **attractive** location for new businesses



Key businesses located in Nottingham



Key businesses, choosing to set up their headquarters in Nottingham, **strengthens** the local economy, support regional GVA and employment.

Nottingham was ranked **24<sup>th</sup> most attractive** location by FDI investment projects, **well below** other major UK cities



FDI projects by city

300	45	38	20	5
London	Manchester	Edinburgh	Glasgow	Nottingham

Early venture capital investment in 2022 **lagged behind** other major cities in the UK



Business growth in Nottingham is **lower than** the East Midlands average



**5%** in Nottingham  
**6%** in East Midlands

Economic recovery from the pandemic in Nottingham **has lagged** the UK

2022 vs 2019 output

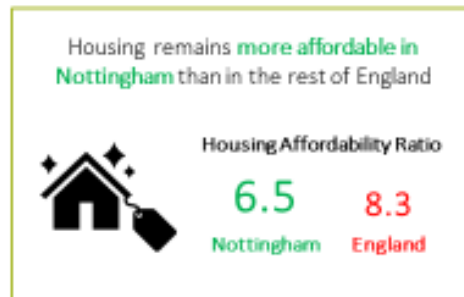
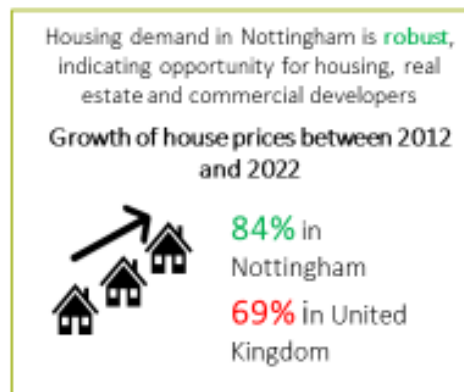
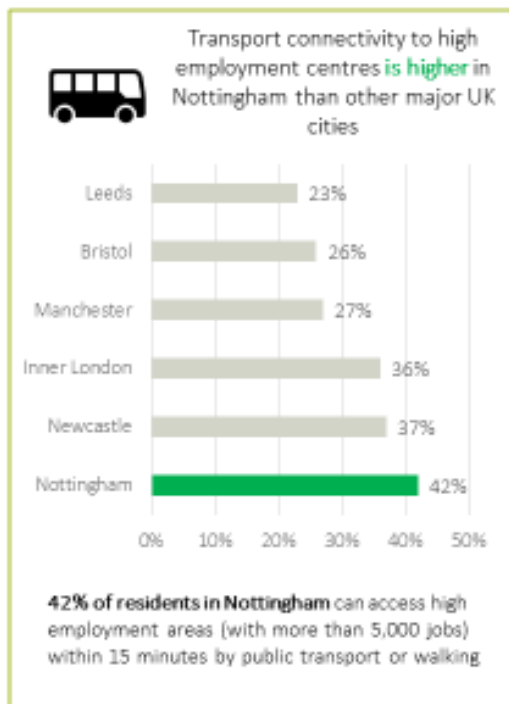


**-1.1%** in Nottingham  
**+0.7%** in United Kingdom

# Infrastructure and Regeneration

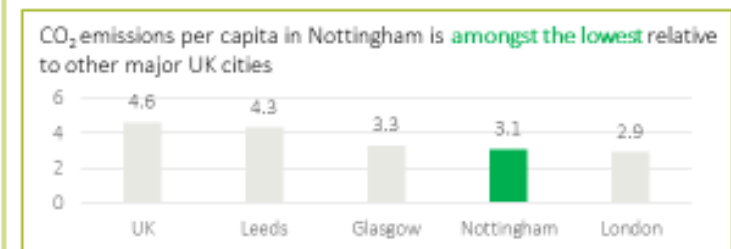
*Nottingham's built environment will be a dynamic, green and inclusive place where residents and visitors alike experience harmonious design, sufficient quality living space, and excellent physical, transport and digital connectivity.*

Where we are now...



Rental affordability in Nottingham is **relatively poor**

Rental Affordability Ratio	
Nottingham	0.39
Gedling	0.34
Rushcliffe	0.31
Ashfield	0.28



# Liveability and Experience

*At its heart a contemporary, clean and globally competitive City Centre paired with bustling and attractive neighbourhoods that collectively draws residents and visitors to a rich culture, sport and heritage across Nottingham.*

Where we are now...

## Nottingham is home to iconic sports venues and cultural centres

<p>Trent Bridge</p>  <p>A historic cricket ground accommodating 17,000 spectators.</p>	<p>The City Ground</p>  <p>Home of the football club Nottingham Forest, accommodating 30,000.</p>	<p>Meadow Lane</p>  <p>Home stadium of Notts County, with a capacity of 20,000.</p>	<p>Nottingham Playhouse</p>  <p>Won the regional theatre of the year in 2019.</p>	<p>Rock City</p>  <p>Live music arena. Hosts some of the biggest names in alternative music.</p>
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The crime rate in Nottingham is **above** the UK average and also **higher than** some major UK cities

 Crimes (per 1,000 people)

Nottingham	129
Bristol	114
London	99
United Kingdom	76

Residents of Nottingham have **better** access to green areas

Average distance to public green space



Nottingham's population growth has **outstripped** the UK average

Population growth (2010-22)



Nottingham has **low** community engagement

Voter Turnout



## The Nottingham Economy: Summary of our Strengths, Weaknesses, Opportunities and Threats

### Strengths:

- Young and diverse population
- Business survival rates are strong
- Knowledge intensive clusters
- Strong Creative & Digital sector
- Headquarters of major companies – Boots, Experian etc
- Connectivity within the city – public transport, broadband
- Visitor economy – multiple tourist attractions
- Below average retail vacancy rates

### Weaknesses:

- Below average productivity
- Above average unemployment
- Above average economic inactivity
- Lower than average educational attainment and skill levels
- Low levels of graduate retention
- Below average levels of foreign direct investment
- Relatively low level of innovation via patent applications
- Housing rental affordability is relatively weak

### Opportunities:

- Leverage greater impact from our world leading universities, including more retention of highly skilled graduates
- Sector specialisms (Life sciences, creative & digital)
- Start-up companies – utilise existing incubator models
- Regeneration opportunities – Broadmarsh, Island Quarter etc
- The Net Zero transition, including mobility transformation and retrofitting of domestic and commercial properties
- EMCCA (East Midlands Combined County Authority) as a strategic investment partner
- Collaborations to deliver change

### Threats:

- Higher than average proportion of jobs at risk of automation
- Low apprenticeship participation
- Funding uncertainty for supporting businesses
- Changing consumer behaviour – risk to high street vibrancy
- Reduced city-centre commuting
- Continuation of long-term sickness within workforce

## 5. SUCCEEDING IN NOTTINGHAM

**\*SECTION BEING DRAFTED\***

Nottingham is an entrepreneurial city, home to businesses creating wealth and employment for the East Midlands. Successful business in the city are drawn from many sectors with clusters of firms, large and small, in areas such as financial technologies, creative and digital, medicine, life-sciences, low carbon and professional services. This is a plan to sustain successes, enable new growth and support Nottingham people to drive our future prosperity.

To showcase short profiles of successful Nottingham companies. These could include:

- **Commify**
- **Intelligent Omics**
- **Impression**
- **200 Degrees Coffee**
- **Leonard Design**
- **Adzooma**
- **Quotient Sciences**





## 6. OUR 2030 VISION FOR NOTTINGHAM

Nottingham’s Economic Plan for Growth sets out how partners in the city will pursue collaborative action to deliver, by 2030.

***“A vibrant, sustainable, and investment-friendly Nottingham that promotes inclusion, secures resilience, and unlocks prosperity for both residents and businesses.”***

This is a vision of a truly successful economy that benefits all members of the community. The actions that we take will be reviewed and updated as conditions change and opportunities and threats arise, but the actions will remain consistent in their intent to deliver the vision.





### Themes and Ambition

 <b>People and Skills</b>	 <b>Enterprise &amp; Investment</b>	 <b>Infrastructure &amp; Connectivity</b>	 <b>Liveability, Experience &amp; Regeneration</b>
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This plan is structured around four key themes that represent areas of activity that will support the city to achieve the vision for sustainable and inclusive growth in a balanced and structured way. In combination, these economic themes address the key drivers of economic growth, ensuring that our residents have the right skills and resources to prosper, our businesses are supported to grow and expand, our infrastructure supports clean and inclusive growth and our city is attractive for businesses, residents and investors alike.

To drive and monitor progress in each economic theme, we have set thematic vision statements and ambitions, which in combination, support the delivery of the plan’s overarching vision

The ambitions have been set at stretching but responsible levels. For example the ambition for the Enterprise and Investment theme is to grow the Nottingham economy by £500m by 2030. This requires growth of approximately 2% a year to 2030, which is a higher rate than the 1.4% per year forecast by Oxford Economics for Nottingham and faster than the 1.6% they forecast for the UK. Achieving this ambition will close the growth gap with the UK and, in combination with the other thematic ambitions and priorities, promote clean and inclusive growth.

Theme	Definition	Vision Statement	Ambition
 People and Skills	Maximising Nottingham's human capital by providing employees, innovators and entrepreneurs with the skills to turbocharge economic growth and contribute to a healthy economy.	To cement lifelong learning in the city through a broad educational offer that targets raising employment participation and equips Nottingham residents with the skills to enjoy rewarding and quality career opportunities	To facilitate additional employment of 12,000 new jobs by 2030.
 Enterprise & Investment	Growing Nottingham's institutional and financial capital to deliver high output, high productivity businesses attractive to investors.	Nottingham will be a magnet for sustainable growth, where existing industries are nurtured, and new emerging industries are empowered to expand and productively contribute to a diverse, growing and prosperous economy.	To generate £500m of additional GVA by 2030 in the city, by achieving above trend growth.
 Infrastructure & Connectivity	Shaping spaces to capitalise on Nottingham's physical and natural capital to achieve growth.	Nottingham's built environment will be a dynamic, green and inclusive place where residents and visitors alike experience harmonious design, sufficient quality living space, and excellent physical, transport and digital connectivity.	Develop infrastructure and services to serve a city population of 345,000 and an urban population across Greater Nottingham of 710,000 by 2030.
 Liveability, Experience & Regeneration	Delivering energetic, vibrant and sustainable places where people can live, work and play.	At its heart a contemporary, clean and globally competitive city centre paired with bustling and attractive neighbourhoods that collectively draws residents and visitors to a rich culture, sport and heritage experience across Nottingham	To secure the next £4bn of regenerative investment in our city.

These thematic ambitions are complemented by a range of Priorities and Outcome measures (see Appendix 3 that we will monitor to chart our progress and inform how we manage the actions we take to achieve our vision. For each theme we have developed delivery plans. These are outlined in the next section.

## ENABLERS OF PROGRESS

There are four enablers underpinning progress towards our vision that cut across the four delivery themes. Each are an important element of the vision we aim to achieve. They are;


- i. **An Inclusive Future:** Capitalising on the city's diverse residents and businesses to drive growth and vibrancy.
- ii. **A Sustainable Future:** Defining a resource-efficient, low emission future through ambitions for green growth.
- iii. **A Smart Future:** Adapting to a changing world of work, health and play founded on digital and asset connectivity.
- iv. **A Thriving Future:** Attracting residents and visitors to an exciting city centre and vibrant neighbourhoods.

These enablers will inform the interventions that power success for Nottingham. For example, sustainability has a central, integrated role in the design and delivery of interventions across all the themes of the strategy. Consideration of these enablers ensures that the interventions are not about delivering growth at any cost, but delivering sustainable, inclusive and purposeful growth.



## 7. INVESTMENT THEMES

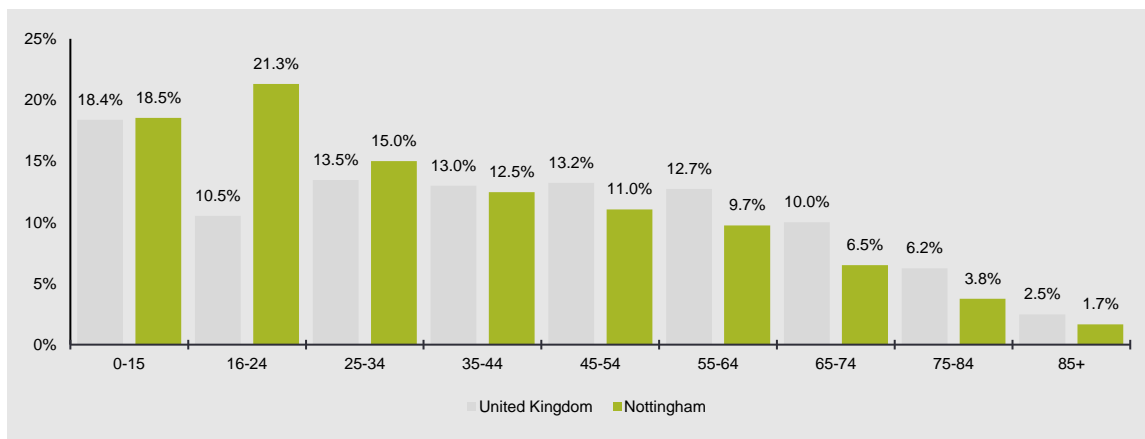
### 7.1 People and Skills

Theme	Definition	Vision Statement	Ambition
 People and Skills	Maximising Nottingham's human capital by providing employees, innovators and entrepreneurs with the skills to turbocharge economic growth and contribute to a healthy economy.	To cement lifelong learning in the city through a broad educational offer that targets raising employment participation and equips Nottingham residents with the skills to enjoy rewarding and quality career opportunities	To facilitate additional employment of 12,000 new jobs by 2030.

#### Where are we now

Nottingham is a young city, much younger than the national average. In Nottingham, 31%<sup>2</sup> of our population are aged between 16 and 34, compared to a UK-wide average of 24%. This presents a great opportunity for the city's economy to take advantage of a relatively young population and encourage greater levels of economic activity in the future.

**Figure 1 – Population Breakdown by Age Group- 2021**



(Office of National Statistics)

This young population is partially driven by the strong educational institutions in Nottingham. Both the University of Nottingham and Nottingham Trent University are well renowned universities with a combined student population of circa 65,000 and Nottingham College is one of the largest colleges in the UK, with more than 25,000 students enrolling every year.

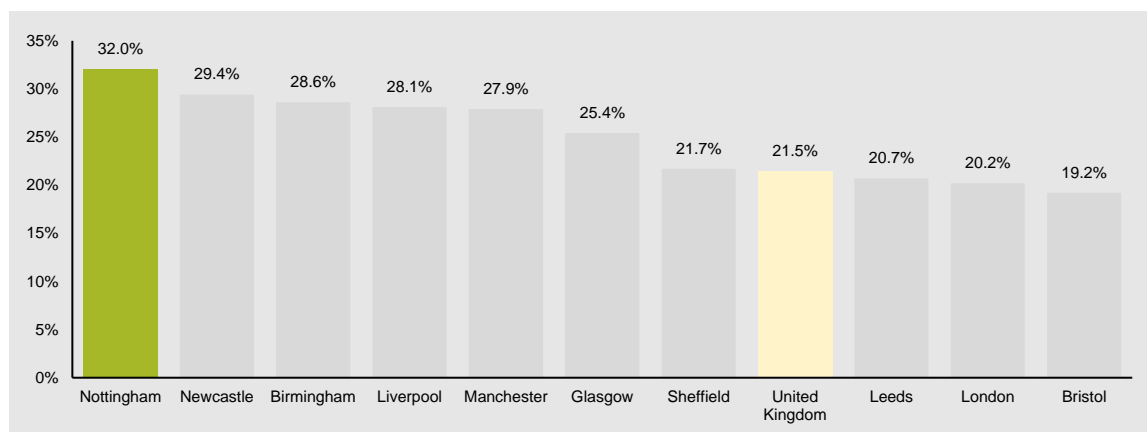
<sup>2</sup> ONS – Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland

Nottingham faces notable employment challenges, with both the unemployment rate (5.0%) and economic inactivity rate (31.2%) exceeding the national average rates (4.2% and 21.5%, respectively). However, the area's economic inactivity rate comprises a relatively high proportion of students, with 41% (26,800) of the 65,200 economically inactive individuals in this demographic. The city is also home to a relatively larger proportion of economically inactive residents responsible for looking after homes/family and unable to work due to health-related conditions.

Unemployment within the 18-24 age group, sits at 4%, slightly below the national average, while 16–18-year-olds classified as NEET (Not in Employment, Education or Training) was 5.1% against a national average of 5.2% in July 2023<sup>3</sup>. Studies have shown that time spent NEET can have a detrimental effect on physical and mental health, and increase the likelihood of unemployment, low wages, or low quality of work later in life<sup>4</sup>.

It is clear that certain groups and particular locations within the community, young people, older people, people with disabilities, people with poor health and BAME communities experience greater barriers to work than others. Additionally, certain areas of the city have notably high rates of unemployment, further highlighting the need for a targeted approach to employment and skills support. By identifying and tackling these barriers and promoting healthy lives we can work to support the city's residents in overcoming the challenges they face in accessing and thriving from employment and training opportunities.

**Figure 2 – Working age (16-64) economic inactivity – 2022**

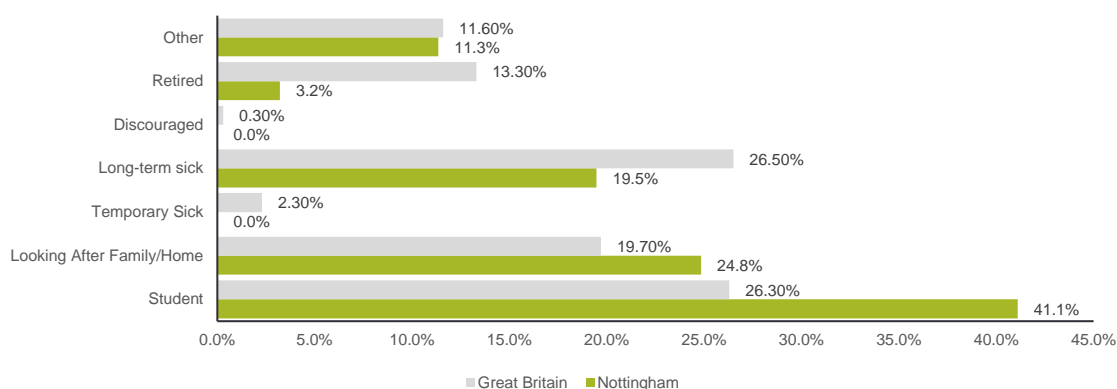


Source: NOMIS – Annual Population Survey – January 2022 to December 2022

<sup>3</sup> Participation in education, training and NEET age 16 to 17 by local authority 2023 ONS Claimant Count March 24

<sup>4</sup> [NEET: Young People Not in Education, Employment or Training - House of Commons Library \(parliament.uk\)](https://www.parliament.uk/library/research-and-briefings/2020/07/2020-07-20-16-17-NEET/)

**Figure 3: Economic inactivity by Driver - % Breakdown - 2022**



Source: Nomis

Addressing these employment challenges is essential to the city's economic growth and social well-being. By facilitating job creation, skills and training, and fostering entrepreneurship we can ensure that Nottingham's residents are equipped with the tools to participate in the workforce and achieve better economic outcomes.

Nottingham is also facing significant challenges in educational attainment across age groups and apprenticeship participation, lagging behind national benchmarks. The city has a higher proportion of working-age residents with no qualifications (10.9%)<sup>5</sup> compared to the national average (6.6%), while the proportion of those holding an NVQ Level 4 (or equivalent) is lower in Nottingham (41.9%)<sup>6</sup> than the national average (43.6%).

Addressing these challenges in skills development and education attainment is vital to improving economic growth, productivity and fostering inclusivity. Through focused investments in training, upskilling, and apprenticeship programs, we can empower Nottingham's citizens to achieve better job prospects, higher quality employment, and a more sustainable future.

There are also productivity challenges in Nottingham, with the average Gross Value Added (GVA) per worker in Nottingham being £47,740<sup>7</sup> compared to national average of £55,465. This is partly due to a lower concentration of employment in sectors with higher GVA per employee but is also driven by lower productivity across all sectors, with there being particular disparity for the Manufacturing, Information and Communication and the Transportation and Storage sectors compared to national averages.

Nottingham's lower levels of employment, skills and productivity per head contribute to below average household earnings and lower levels of prosperity, Average pay levels for city residents (£22,243)<sup>8</sup> are lower than the national average (£27,756), with income disparities observed across all percentiles. In 2021, the income of households in Nottingham was the third lowest of all local authorities in England at £15,015 compared to the average of £21,679.

In addition to productivity and labour market challenges, Nottingham is also facing significant challenges in educational attainment across age groups and apprenticeship participation, lagging behind national

<sup>5</sup> NOMIS – Annual population Survey - 2021

<sup>6</sup> NOMIS – Annual population Survey - 2021

<sup>7</sup> This is calculated based on GVA data from Oxford Economics. Total GVA is divided by total employment to calculate GVA per worker in the City and UK.

<sup>8</sup> ONS – Annual Pay for all employee jobs by Local Authority - 2022

benchmarks. The city has a higher proportion of working-age residents with no qualifications (10.9%)<sup>9</sup> compared to the national average (6.6%), while the proportion of those holding an NVQ Level 4 (or equivalent) is lower in Nottingham (41.9%)<sup>10</sup> than the national average (43.6%). Addressing these challenges in skills development and education attainment is vital to improving economic growth, productivity and fostering inclusivity. Through focused investments in training, upskilling, and apprenticeship programs, we can empower Nottingham's citizens to achieve better job prospects, higher quality employment, and a more sustainable future.

### Focus areas:

Our people and skills priorities are designed not only to help drive economic growth but also to help all Nottingham residents to benefit from that growth and participate in activity that sustains it. We have therefore identified three key priorities based on the most prevalent economic challenges existing in the city. The three priority areas are designed to deliver our economic vision for People and Skills and are targeted at supporting sustainable and inclusive economic growth, through leveraging and enhancing the skills of our residents. The three priority areas are summarised below:

- **Priority 1: Cultivate meaningful employment:** To raise workforce participation across Nottingham, providing all residents, particularly those who experience greater disadvantage with access to meaningful employment.
- **Priority 2: Raise skills levels:** To raise skills levels throughout the city, ensuring that all our residents have the opportunity to access employment and we have a resilient workforce that are equipped with the required skills needed to adapt to future challenges.
- **Priority 3: Enhance employment productivity:** To raise employment productivity in Nottingham, through higher paying, more highly skilled roles and diversified sectoral employment.

### Delivery:

#### Priority 1: Cultivate meaningful employment

Raising employment participation across Nottingham is essential to driving job growth and supporting enhanced economic output, through increased consumer spending and helping reduce poverty within our communities. As outlined above, both the unemployment and economic inactivity rates in Nottingham are above national average levels, which is contributing to levels of deprivation and consequently disengagement, but also indicates there is available labour market capacity in the city. To unlock this capacity, the city Economic Growth Plan aims to provide residents with the skills, opportunities, and confidence to access meaningful employment, with the goal of reducing the unemployment rate and rate of economic inactivity to National Average Levels by 2030.

We aim to create new job opportunities, support entrepreneurship, and foster growth that benefits all members of Nottingham's community, promoting a dynamic and inclusive economy.

The key to achieving our employment participation objectives is our investment in people and communities through coordinated city-wide employment and skills programs. To this end, the following activities will be undertaken to support the delivery of the Economic Growth Plan:

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<sup>9</sup> NOMIS – Annual population Survey - 2021

<sup>10</sup> NOMIS – Annual population Survey - 2021

**Action 1: Deliver NEET transition training programmes:** Across the city, we will continue to deliver targeted training and intervention programmes for under 18's. We will create specialised schemes with the aim of empowering and equipping our young people with all the requisite skills, knowledge, mentoring, and opportunities needed to prevent them from becoming NEET.

**Action 2: Launch the Nottingham 'good work' programme:** We will develop and deliver a programme of activity focussed on providing targeted pathways into employment for unemployed and inactive residents, particularly from marginalised communities and residents with disabilities or health-related barriers to work. This will include working with the East Midlands Mayoral Combined Authority to implement Universal Support across the East Midlands, ensuring the programme is embedded within local services and targets those with health-related condition and and/or who have the most complex barriers to work.

This activity will engage employers to provide work placements and job opportunities, support disability inclusion within recruitment, promote the adoption of the Real Living Wage across Nottingham and embed the Midlands Good Work Charter. The delivery of this action will be supported by the Nottingham Employment Taskforce.

**Action 3: Develop an all age careers guidance service:** Working with the EMCCA, we will explore the opportunities to build upon the careers hub model across the region, with a view to creating an all age careers guidance model, to provide information, advice and guidance relating to careers and work choices and opportunities to experience the world of work, to ensure that young people and adults have the information they need to determine their pathway into work.

**Action 4: Devolution of skills and employment.** Work with EMCCA and regional partners to ensure Adult Education Budget readiness and that it is used to meet Nottingham's skills needs alongside developing a case for further future devolution of employment and skills functions.

## **Priority 2: Raise skills levels**

To deliver high quality employment opportunities and ensure sustainable economic growth, it is vital that we support our residents with access to high quality education and training throughout their entire education lifecycle, from early childhood to lifelong learning. We have high quality educational and training institutions in the city and it is important we continue to leverage these institutions to help develop a dynamic workforce ready to respond to evolving needs of the labour market.

As outlined, skills levels within the city lag behind national average levels, contributing to lower levels of employment productivity and household income in Nottingham. We want to drive increases in employment productivity by providing local residents with the education and skills training that help them access meaningful employment opportunities. To do this, as part of the plan we have set the objectives of fostering a culture of lifelong learning across the city aligned to key skills gaps and lowering the portion of the population that hold no qualifications to 6.5% by 2030.

To achieve these objectives, we are focussed on broadening the skills offer to help promote adult learning and expanding education in target industry sectors. Activities of focus include:

**Action 5: Deliver foundational skill programmes:** We will continue to deliver foundational skill programmes for adult learners focussed on developing entry level vocational skills such as literacy, numeracy, ESOL and basic digital literacy along with preparation for work training. As part of this action, the city will also promote the work of the Nottingham Financial Resilience Partnership to

emphasise the importance of financial education and practical numeracy that can underpin sustainable finances for all residents.

**Action 6: Deliver business needs led short courses across Nottingham:** We will work together with the Universities and Colleges and training providers to design and deliver relevant, short-duration courses that address pressing business needs while boosting skill levels across various sectors. The focus of these courses will be on both improving educational attainment and encouraging a culture of lifelong learning. Significantly, we will place particular emphasis on identifying key future skills required by businesses and tailoring courses centred on growing these skills in the residents of Nottingham. This action will proceed in alignment with the priorities and strategies outlined in the Local Skills Improvement Plan.

### **Priority 3: Enhance employment productivity**

Alongside helping people into employment through targeted support programmes and a focus on raising skills levels, we will also seek to raise employment productivity by developing meaningful career pathways across the city. These pathways will help retain and attract highly skilled workers in Nottingham, helping develop an ecosystem of innovation, growth and success.

To support the objective of increasing senior employment opportunities and promoting diversified employment across higher value sectors, we aim to maximise the number of highly skilled jobs in Nottingham, becoming an increasingly attractive destination for world-class graduate talent and investment. The most recent, albeit still dated, estimate of graduate retention finds that in 2017/18 only 17.8% of students remain in the city for work 15 months after graduating with retention within the East Midlands as a whole at approximately 30%. Graduate talent is a key potential resource for the Nottingham economy and we will continue to work with businesses and Universities to pursue initiatives to enhance retention rates.

This goal aligns with our ambition to position Nottingham as an attractive hub for talent retention and attraction, supporting businesses in de-risking recruitment. We will accomplish this objective by focusing on the development of career pathways across all of the city's growth initiatives, ensuring equitable access and inclusivity. By doing so we are confident we will create a talent-rich ecosystem and foster further economic diversity among our businesses.

To deliver on our objectives, we will coordinate our efforts to accelerate the development of career paths across growth sectors and attract and retain talent in Nottingham. A dual dividend will be realised by identifying the skills needs of our future growth sectors; these will offer career paths for our residents and grow our businesses competitiveness and productivity. Specifically, we will:

**Action 7: Drive apprenticeship demand in Nottingham:** We will launch a targeted, co-ordinated initiative aimed at driving business engagement, and ultimately, encouraging heightened demand for apprenticeships across Nottingham. This scheme aims to create access to meaningful and rewarding career paths for residents and sustain the economy with a particular emphasis on the rapidly evolving global job market. Our programme will focus on nurturing technical skills across a range of sectors that reflect the most in-demand fields. This will include promoting the development of apprenticeships in net zero technologies and services roles, Advanced Construction and Digital sectors to position Nottingham at the forefront of the economy of the future.

**Action 8: Maximise graduate retention in the city:** We will bolster the existing partnerships between local universities and businesses to help stimulate demand for new graduate opportunities and establish stronger connections between academia and the job market. This will

include working with SMEs to help develop and advertise graduate roles. In addition, we will also work with the universities to help leverage the research specialisms to better encourage business spin-offs and innovation-driven economic growth. Graduate retention will also be supported by the achievement of priority 7 that targets housing growth, will help provide suitable accommodation for graduates.

**Ambition:**


The achievement of these priority areas will help support employment growth across the city, with the ambition of this plan to help support increased employment of 12,000 (across Nottingham, through the development of new jobs in the city).

**Figure 4: Employment Target – Nottingham 2024 to 2030**

AWAITING REVISED GRAPH FROM EY

Source: EY Analysis and Oxford Economics Employment Forecast

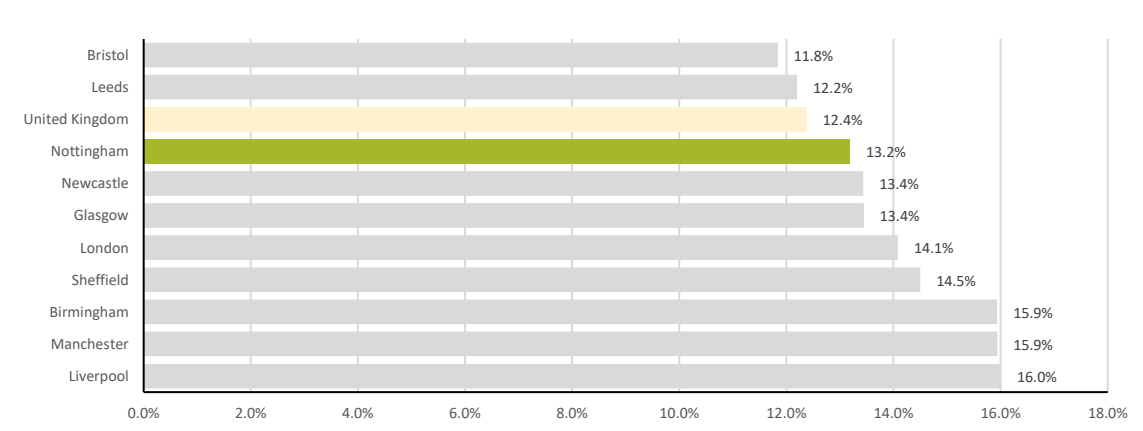
## 7.2 Enterprise and Investment

Theme	Definition	Vision Statement	Ambition
 Enterprise & Investment	Growing Nottingham's institutional and financial capital to deliver high output, high productivity businesses attractive to investors.	Nottingham will be a magnet for sustainable growth, where existing industries are nurtured, and new emerging industries are empowered to expand and productively contribute to a diverse, growing and prosperous economy.	To generate £500m of additional GVA by 2030 in the city, by achieving above trend growth.

### Where are we now

Nottingham is an increasingly entrepreneurial city, exhibiting both higher rates of business births (13.2% vs 12.4%)<sup>11</sup> and lower rates of business deaths (9.7% vs 11.1%)<sup>12</sup>, compared to UK averages. The city's vibrant business environment supports thriving start-ups and sustainable businesses over time. Nottingham has several major companies located in the city, notably Boots, E.ON, Experian, Capital One and Games Workshop. This strong business environment helps bolster the local economy, supporting regional economic growth and employment opportunities.

**Figure 5 – Business Births as a portion of Active Enterprises 2016 to 2021**



Source: EY Analysis using ONS data on Business Births

Nottingham is a creative, innovative city. Nottingham has developed emerging specialisms in Creative and Digital Industries as well as Life Sciences. Within the Creative and Digital industries there are emerging specialisms in E-Sports, while BioCity Nottingham exemplifies the successful development of a high-value, knowledge-intensive and innovation driven cluster, serving as the UK's largest bioscience innovation and incubation centre. To sustain this growth, we will further leverage sector specialisms in Life Sciences, Digital, and Creative Industries, encouraging high-value innovation-driven growth. Supporting start-ups through university incubator models and suitable grow on space presents an opportunity to attract Venture

<sup>11</sup> ONS – Count of births of new enterprises by District, County and Unitary Authority vs Number of active enterprises in those areas.

<sup>12</sup> ONS – Count of deaths of enterprises by District, County and Unitary Authority vs Number of active enterprises in those areas.

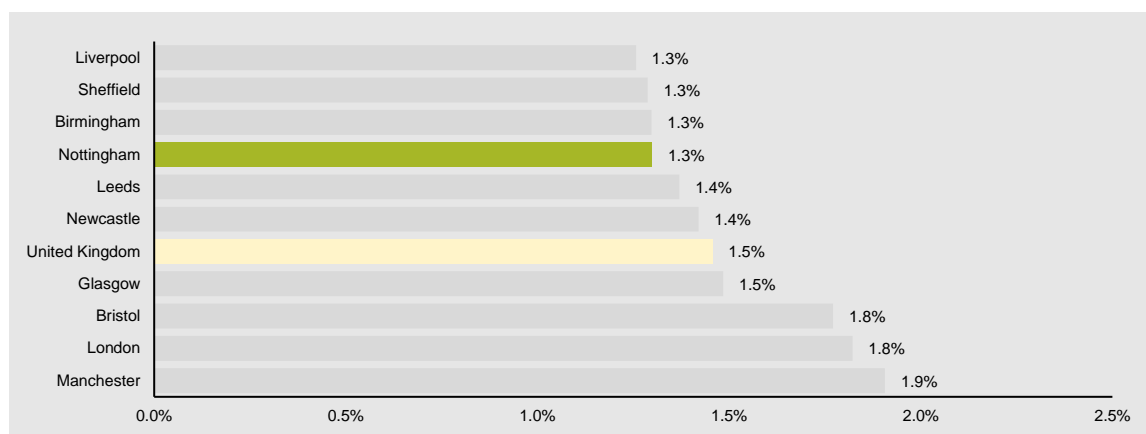


Capital investment, promote collaboration between entrepreneurs, academics, and industries while fostering a culture of innovation that fuels sustainable growth.

While Nottingham has strong growth potential, it faces a range of challenges that have been exacerbated by the pandemic, including a slower economic recovery, lower levels of translation of innovation into local firms, and lower levels of investment. These post-pandemic challenges combine with longer-term issues that Nottingham needs to address to unlock its full growth potential.

The current forecast annual growth rate in Nottingham lags behind the national average, with projected GVA growth of just 1.4% per annum up until 2030 compared to a forecast UK average of 1.6% growth<sup>13</sup>. This underperformance is partly attributable to the city's sectoral composition, which is primarily dominated by industries with relatively low Gross Value Added (GVA) per employee. The Health and Social Work and Education sectors account for over 20% of Nottingham's economy<sup>14</sup>, make important contributions to the city and society in general, but affect growth potential in the region.

**Figure 6 – Forecast Annual GVA Growth – 2023 to 2030 (insert updated graph 24-30)**



Source: Oxford Economics

Growth potential in the region is also dampened by recent relatively low enterprise investment in the city. During 2022, Nottingham attracted 5 major foreign direct investment projects compared to 45 in Manchester, 38 in Edinburgh 28 in Birmingham, 11 in Newcastle and Bristol and 7 in Sheffield<sup>15</sup>. Early venture capital investment in Nottingham was £13.5m in 2022, which was below that of other major cities, with London attracting £3.3bn, Manchester £142.7m, Bristol £94.1m, Birmingham £42.4m and Sheffield £33.0m<sup>16</sup> indicating a dip in investment attractiveness for the city. Investor attractiveness surveys<sup>17</sup> have highlighted that availability of skills in the local workforce, investment support from regional bodies and the presence of emergent sector specialisms are all key factors in attracting investment outside of London and therefore are key areas of focus within this plan.

Sustaining and enhancing Nottingham as a great place to start and grow a business, creating more and better jobs is vital to fostering long-term economic growth that benefits all members of the community. This will require an integrated approach that combines targeted interventions to attract high-value

<sup>13</sup> Oxford Economics

<sup>14</sup> Oxford Economics

<sup>15</sup> EY UK Attractiveness Survey 2023

<sup>16</sup> Dealroom – Early Venture Capital Investment 2022

<sup>17</sup> EY UK Attractiveness Survey 2023

industries and others creating 'good work' opportunities to the city, enhance the existing business environment, and promoting and sustaining innovation-driven growth and prosperity

### **Focus areas:**

We want to nurture existing industries and empower new industries to expand and grow, helping contribute to a diverse, growing and prosperous economy. The plan seeks to develop high-value economic clusters in the city, which build upon Nottingham's comparative advantages, while also supporting existing businesses to innovate and grow and create opportunities at scale.

The plan focuses on enhancing Nottingham's investment appeal and promoting the city as a hub for innovation-driven growth and prosperity, attracting new enterprise investment. This requires a coordinated approach that fosters innovation and the translation of research and development into commercial advantage, encompasses proactive measures to bolster the development of current businesses and attract new enterprises to Nottingham.

To deliver these objectives, we have set the following priority areas for the Enterprise and Investment theme:

- **Priority 4: Accelerate emerging sectors:** To stimulate growth and innovation in fast-growing emerging sectors where Nottingham has a comparative network, cluster or spatial advantage.
- **Priority 5: Nurture existing businesses:** To provide businesses across our existing industries with the innovations, tools, skills, finance and advice to grow, generate further employment
- **Priority 6: Attract new enterprise investment:** To enhance Nottingham's investment appeal, attracting more domestic and foreign investment to the city.

### **Delivery:**

#### **Priority 4: Accelerate emerging sectors**

Currently, Nottingham has a higher proportion of employment and economic activity concentrated within the public sector compared to national averages, which while providing important foundations for economic performance, mean that the forecast growth rate for the city lags behind the national average. To help develop accelerated growth in the city, this plan therefore seeks to support the growth of economic clusters in emerging sectors that build upon existing service specialisms present in the city.

We have set the target of establishing three distinct economic cluster hubs in the city to help promote innovation and growth. By developing enterprise specialisms in economic clusters, we will drive innovation, growth and increased productivity.

These economic cluster hubs will play a fundamental role in realising Nottingham's growth potential, fostering innovation-driven growth and prosperity, and attracting new enterprise investment to the city. By developing a targeted strategy to promote the growth of sustainable, high-value industries in these sectors, we can generate significant economic benefits for Nottingham while also ensuring that the benefits of growth are shared across the city's communities. Specifically, we will:

**Action 9: Develop sector growth plans and cluster hubs for the Creative and Digital, Life Sciences, and Advanced Manufacturing sectors.**

- For Creative and Digital, the focus will be on building on existing strengths in fintech, data science, knowledge intensive businesses, gaming, and film and TV production, as well as exploring opportunities for expansion in artificial intelligence.
- For Life Sciences, the focus will be on leveraging the life science and healthcare hubs at BioCity Nottingham, MediCity, University of Nottingham's National Magnetic Resonance Imaging Centre, and Nottingham Trent University's Clifton Campus and Medical Technologies Innovation Facility, alongside further developing existing sectoral strengths in medical device manufacturing, biotechnology and healthcare services. In addition to this, focus will be applied to further leveraging key research themes at our universities focussed on cancer research, child health and clinical neurosciences.
- For Advanced Manufacturing, the focus will be pivoting existing manufacturing employment into higher value manufacturing such as low carbon manufacturing, precision engineering, additive manufacturing, 3d printing and polymer composite production. Nottingham has unique comparative advantages in specific fields of manufacturing such as manufacture of metals, steam generators and textiles.

These growth plans will map out tangible activities to propel the next phase of growth in these sectors.

**Action 10: Enhance sector collaboration and business networks:** Continue to develop and expand business network groups across key sectors to accelerate cluster development and network effects. This will include augmenting the existing local networks and developing new networks where gaps exist, fostering collaboration and knowledge sharing between businesses and stakeholders in the city's growth sectors.

**Action 11: Identify and accelerate investment opportunities in the Net-Zero economy:** Nottingham has been a leading city in the UK for Net Zero ambition and action, setting a goal of achieving Carbon Neutrality by 2028, which forms an integral part of the city's economic revitalisation. The green economy presents abundant opportunities for existing businesses to grow and new and innovative businesses to form, generating employment opportunities within the city. To drive the city's progress towards Net Zero and to create business opportunities, potential investment avenues for retrofitting, renewable energy sources and sustainable construction methods will be investigated and expanded upon. This initiative aims to position Nottingham as a frontrunner in the green economy, enabling it to become a centre of excellence, attracting leading firms and employees in this field.

#### **Priority 5: Nurture existing businesses**

While supporting emerging sectors is crucial to diversifying Nottingham's economy and futureproofing it against challenges, it is equally critical to focus on supporting existing businesses in the city to remain resilient and grow innovatively.

Supporting existing firms to grow through adopting innovative technologies and processes can help drive their growth and their demand for medium and higher-level skills, creating opportunities at a potentially greater scale than an exclusive focus on areas of discrete specialisation. Alongside focussing on high-growth innovation led emerging sectors, we will support businesses across sectors to benefit from new-to-firm innovation, especially in areas that either already provide opportunities at scale for 'good work' employment or have the potential to do so. This will be complemented by work in the People and Skills theme to create career pathways to support Nottingham residents to benefit from the opportunities created. Our approach to innovation will support commercialisation of pioneering research and development as well as 'inclusive innovation' to create growth at scale in the wider economy.

Supporting SMEs to increase their productivity and competitiveness will remain key, given their concentration in the city's economy. By supporting existing businesses grow and expand, while encouraging growth in new and emerging sectors, this plan targets an average annualised GVA growth above forecast national and local trends between now and 2030.

In recent years, Nottingham has worked with partners across the East Midlands to create, sustain and deliver a Growth Hub based model of supporting businesses combining independent advice, guidance and brokerage with specialist support offers bespoke to business needs. This has been sustained through differing funding regimes at national and local level and there will be a further transition in potential funding and delivery models from 2025 as responsibility for the 'Shared Prosperity Fund' passes to the East Midlands Mayoral Combined Authority.

To deliver our growth and prosperity ambitions, we will work with partners to ensure that businesses can continue to benefit from locally delivered, agile and responsive business support that tackles the constraints on their growth whether asset, financial, infrastructure or innovation in nature and encourages the creation of 'good work' employment. To achieve this, we will;

**Action 12: Strengthen support to businesses:** Engage with businesses and providers to re-define the support provided to businesses across Nottingham, supporting productivity growth and innovation to drive their expansion, particularly in SMEs and sectors with the potential for large scale employment.

**Action 13: Support growing firms to access investment:** Design a targeted programme of support for a cohort of growing firms or firms with significant growth potential, including established small and medium established businesses operating within the city. This programme will focus on equity, debt or resource strategies and engaging private investment, capital markets and incubator services, matching businesses with investors.

#### **Priority 6: A destination for new enterprise investment**

In 2022, Nottingham attracted lower levels of FDI (Foreign Direct Investment) and Venture Capital Investment than other major cities in the UK. To support enterprise expansion, it is important that this is increased to support business expansion, raise productivity and attract jobs to Nottingham.

This plan therefore seeks to attract new and expansionary investment into the city, which can support growth in priority sectors and create greater prosperity and economic resilience. We recognize that access to finance plays a significant role in enabling businesses to grow and innovate and promote economic growth.

To achieve this goal, we will work to establish a business-friendly environment that promotes access to finance and better connects investors, entrepreneurs, and businesses in the city's growth sectors. This will include a renewed focus on attracting new investment and developing innovative financing mechanisms that enable businesses to access capital alongside a compelling, skills and property offer.

To attract new enterprise investment into the city, it is important that we showcase Nottingham as a premier choice for both new and expansionary business investment, begin to source investment from a broader landscape and demonstrate Nottingham to be a great place to start and grow a businesses with a cohesive support offer. To achieve this, we will;

**Action 14: Launch 'Opportunity Nottingham' to promote business investment in Nottingham:** To help deliver an inward investment strategy for Nottingham, we will launch 'Opportunity

Nottingham’ promoting investment opportunities in the city. It will embrace innovative marketing including a virtual investment atlas that captures and promote key investment opportunities in the city with a particular focus on emerging sectors and growing our green economy. It will comprise a live platform, facilitation support and promotional capacity to advertise why Nottingham is a premier location for investment, seeking to attract both national and foreign investment into the city.

**Ambition:**

The achievement of these priority areas is designed to help support an increased GVA growth in Nottingham by 2030. This plan aspires to help generate £500m of additional economic output in the city by 2030, helping Nottingham grow more than forecast and more quickly than the national average. However, it is noted that the achievement of this ambition will be subject to wider macroeconomic conditions outside of the control of this plan and this ambition will be revisited annually based on the economic environment.


**Figure 7: GVA Target – Nottingham 2024 to 2030<sup>18</sup>**

AWAITING NEW CHART FROM EY

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<sup>18</sup> Current forecast growth path sourced from Oxford Economics growth forecast.

## 7.3 Infrastructure and Connectivity

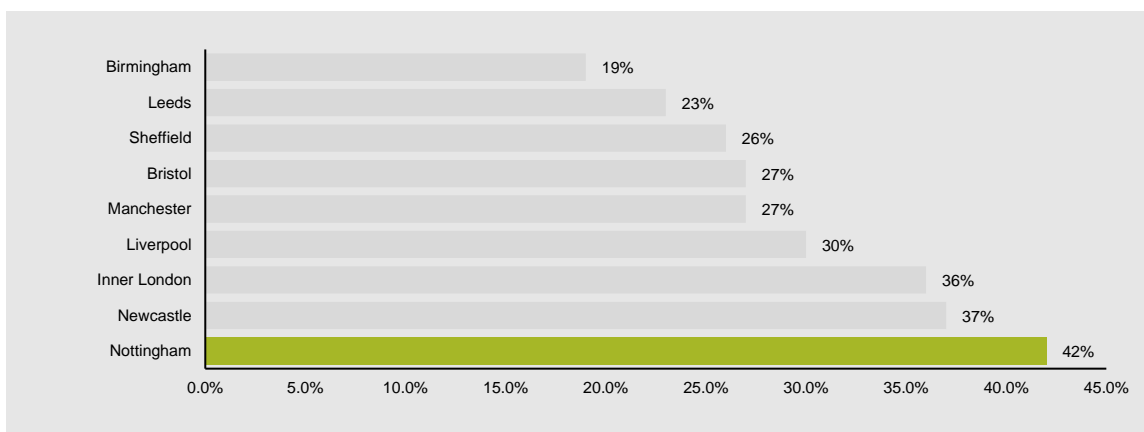
Theme	Definition	Vision Statement	Ambition
 Infrastructure & Connectivity	Shaping spaces to capitalise on Nottingham's physical and natural capital to achieve growth.	Nottingham's built environment will be a dynamic, green and inclusive place where residents and visitors alike experience harmonious design, sufficient quality living space, and excellent physical, transport and digital connectivity.	Develop infrastructure and services to serve a city population of 345,000 and an urban population across Greater Nottingham of 710,000 by 2030.

### Where are we now

Nottingham is a centrally located, well-connected city. Nottingham boasts very strong intra-city transport connectivity for residents, with a comprehensive tram system and bus network linking businesses and residents across the city. Of all major cities in the UK, Nottingham has the highest proportion of residents (42%) within a 15-minute commute of 5,000 jobs by public transport or walking, highlighting the city's excellent access to work opportunities.

This strong connectivity provides numerous benefits to businesses and residents alike. It reduces labour market inefficiencies and increases the competitiveness of businesses that operate within the city, enabling them to access talent pools beyond their immediate location. It also improves residents' access to employment opportunities, connecting them to the businesses and services they need and improving their overall quality of life.

**Figure 8: Percentage of residents within 15 Mins of 5,000+ job centres by public transport**



Whilst this excellent connectivity within the city is an economic asset, the city boundaries are relatively tightly drawn with Nottingham as the cultural, economic, learning and commercial centre of a large conurbation and wider travel to work area of towns and villages. Further enhancing connectivity across the East Midlands will help Nottingham residents to access wider opportunities but also enhance the attractiveness of the city to new business investment. Working effectively with others in the East Midlands Mayoral Combined Authority enables Nottingham's excellence in transport management to be scaled across the wider region for mutual benefit.

While intra-city connectivity is strong within Nottingham, inter-city connectivity is slightly weaker. The city has regular fast trains to London but connections with other city centres are comparatively slower and less frequent. On average, 41 trains run between London St Pancras International and Nottingham per day, with the quickest train taking 1 hour and 35 minutes. By comparison, on average 23 trains per day run between Manchester and Nottingham, with the quickest taking 1 hour and 46 minutes and between Birmingham and Nottingham there are on average 20 trains running per day and the quickest takes 1 hour 4 minutes.<sup>19</sup> This potentially impacts the efficiency and convenience of commuting within the city and to other destinations. Additionally, a lack of capacity on certain services exacerbates the transportation challenges faced by residents and commuters.

The city boasts high levels of digital connectivity, including favourable download speeds and wide availability of ultrafast broadband across the city; 93%<sup>20</sup> of residents can access ultrafast broadband in Nottingham, compared to 90% in Birmingham, 77% in Manchester or 50% in the City of London.

Nottingham also scores strongly in measures of home ownership affordability, with average house prices in Nottingham (£184k), sitting below the UK average (£283k)<sup>21</sup>. Furthermore, housing affordability ratios, indicate that home ownership in Nottingham is more affordable than the rest of England where the ratio of house prices to income is roughly 8:1, compared to a ratio of 6:1<sup>22</sup> in Nottingham. Despite relatively high levels of affordability, home ownership is relatively low in Nottingham with only 45.6% of households owning the property they live in, compared to a national average of 62.3%<sup>23</sup>. Affordability in the private rented market is more challenging in Nottingham, with only London, Bristol and Manchester offering lower rental affordability among the Core Cities in the UK.

Nottingham has been recognised by the Department of Energy and Climate Change as a Low Carbon Pioneer city. This is in recognition of Nottingham's ambitious plans and investment in green infrastructure and technologies, generation of low carbon jobs, and accelerated reductions in emissions. This reflects progress Nottingham has already made in improving access to EV charging points (in the top 20% of Local Authority Areas<sup>24</sup>) strong performance against domestic property energy efficiency and the extensive decentralised energy and heat network in the city.

Major regeneration agendas such as the mixed-use developments for the Broad Marsh regeneration and Island Quarter redevelopment, as well as the Castle Meadow Campus redevelopment plans offer growth opportunities. Furthermore, landmark regional investment momentum such as those generated by East Midlands Development Corporation and the East Midlands Freeport have the potential to stimulate the local economy, supply chain and employment in neighbouring areas. While the HS2 leg between Birmingham and the East Midlands has been cancelled, the new East Midlands County Combined Authority will have a transport investment fund of £1.5 billion<sup>25</sup>, offering opportunities for further growth.

#### **Focus areas:**

To achieve sustainable economic growth, Nottingham must have the necessary infrastructure in place to support business expansion and population growth. Land availability constraints within city boundaries mean that city expansion must be innovative and ambitious, focussed on designing regeneration initiatives to maximise the use of available land, unlock regeneration sites, and working across the wider conurbation to maximise connectivity into the city.

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<sup>19</sup> East Midlands Railway

<sup>20</sup> Ofcom – Fixed Coverage Data

<sup>21</sup> Oxford Economics – House Price Data by Local Authority

<sup>22</sup> ONS – Housing Affordability Ratio - 2022

<sup>23</sup> Census 2021 Data

<sup>24</sup> Department for Transport – Electric Vehicle Charging Devices by Local Authority.

<sup>25</sup> <https://www.gov.uk/government/news/east-midlands-to-benefit-from-96-billion-transport-investment>



Additionally, improving connectivity in and out of the city centre is also crucial to attracting new employees, visitors, and businesses. Nottingham needs to continue to improve its transport infrastructure to ease movement in and out of the city, reducing transport costs and enhancing the overall accessibility for everyone. Improving connectivity in Nottingham will help make the city more attractive to both businesses and residents, driving agglomeration benefits in the city.

With the creation of the East Midlands County Combined Authority, Nottingham has a unique opportunity to lead the transformation of the region through enhanced coordination and investment. Coordinated infrastructure planning and investment can further consolidate Nottingham's position as the heart of the East Midlands, facilitating stronger economic growth and opportunities for the city and the wider region.

For Infrastructure and Connectivity, the aim of this plan is therefore to help promote a built environment that is dynamic, sustainable and inclusive where residents and visitors alike experience harmonious design, sufficient quality living space, and excellent physical, transport and digital connectivity. To deliver this vision, the plan is focussed on delivering against the following three priority areas:

- **Priority 7: Drive housing growth:** Develop housing of all tenures and types in and around the city centre and local centres that attract residents, population growth and footfall. This housing growth in the city also integrates and underpins our major regeneration ambitions such as Broad Marsh and Island Quarter.
- **Priority 8: Heartbeat of the East Midlands:** To support the inclusive and green growth ambitions of the East Midlands Combined Authority and ambitions of Midlands Engine and Midlands Connect by ensuring that their transport and infrastructure investment programmes enhance Nottingham's role as the well-connected growth engine of the East Midlands economy
- **Priority 9: Enhance connectivity:** To ensure that Nottingham is a well-connected city, where physical and digital connectivity are maximised.

## **Delivery:**

### **Priority 7: Drive Housing Growth**

The availability of new space for housing developments will act as a significant constraint on Nottingham's growth potential unless it can be addressed through regeneration or strategic planning across the wider Greater Nottingham area. While measures of property ownership affordability are relatively favourable in the city, rental affordability and the availability of suitable rented accommodation present a challenge. To facilitate population growth, Nottingham must think innovatively and develop bold regeneration plans that promote housing growth in the city. These initiatives must maximise the use of available space, increase densification, identify creative funding solutions, and leverage the latest construction techniques and architectural designs. By embracing such initiatives, Nottingham can ensure that it delivers a sustainable and inclusive built environment that meets the needs of residents, businesses, and investors.

Central to the Economic Growth Plan is the ambition to lessen the impact of spatial constraints in Nottingham, thereby significantly increasing the availability of housing development space. This effort is crucial to realising our Delivery Target for Housing and advancing our Student Living Strategy. To help achieve this vision, the city has developed a coordinated vision and programme of activity for the city and the wider conurbation within the *Greater Nottingham Strategic Plan* and will continue to work with major stakeholders to identify sites and assembly opportunities that help maximise vacant and underutilised sites to accelerate housing delivery. This plan has identified the following two actions for the city.

**Action 15: Unlock development opportunities through innovative use of space, densification, and enhanced collaboration:** Our goal is to leverage development opportunities to their fullest



potential by identifying and overcoming commercial barriers that have hindered redevelopment. Our plans involve engaging in strategic partnerships with partners such as Homes England and East Midlands Mayoral Combined Authority aiming to identify and remedy issues through effective collaboration. We aim to create a robust plan of action that maximise the city's potential by exploring the potential of public-private partnerships. We believe that our efforts will pave the way for a transformational change in Nottingham's development landscape. This includes realisation of the benefits of the major regeneration plans in the city including Broad Marsh.

**Action 16: Encourage land assembly to create a pipeline of investment opportunities:** Continue to follow the Strategic Planning Process that invites Developers, Strategic Planners and Key Stakeholders to submit site proposals for development and prospective land assembly in the city in order to create a pipeline of investment opportunities to support business growth and investment and the development of economic assets.

### **Priority 8: Heartbeat of the East Midlands:**

Nottingham is the only core city in the East Midlands. It is the cultural and economic hub of the region. A flourishing Nottingham is key to a flourishing East Midlands. The establishment of the East Midlands Mayoral Combined Authority can help empower the region to secure greater investment to advance the critical infrastructure projects that will be crucial to the city's continued growth and competitiveness, creating new jobs, enhancing connectivity, and attracting inward investment, which will positively contribute to wider regional competitiveness.

With its rich history, diverse economy, and strong transport links, Nottingham is a key driver of economic growth in the East Midlands and has an opportunity to leverage its strengths and play a pivotal role in shaping and co-ordinating a collaborative approach to regional planning, helping to create a sustainable and prosperous future for all residents and businesses across the East Midlands.

Investments in infrastructure and connectivity within the city and connecting the city better to the wider region not only helps increase the attractiveness of Nottingham for investment but also enhances the ability of Nottingham residents to access employment and learning opportunities at key locations outside Nottingham, such as East Midlands freeport, at East Midlands airport, in Derby and at future growth locations such as the UKAEA Step Fusion site at West Burton.

Additionally, the scale of investment potentially available through the East Midlands Mayoral Combined Authority can help Nottingham realize its net-zero ambitions by investing in sustainable infrastructure and travel modes and better supporting measures proposed under the Carbon-Neutral 2028 priorities. Nottingham has active plans for decarbonisation through the City Council's Carbon Neutral 2028 Action Plan for more efficient and lower carbon energy management through its forthcoming Local Area Energy Plan (LAEP). By developing, collaboratively where appropriate, investment cases to support the East Midlands Mayoral Combined Authority's strategic ambitions and taking a collaborative approach to regional planning, Nottingham can continue to drive effective action to deliver Net Zero.

The city will develop a vision for the future of infrastructure, that defines how the city will work with national government, regional bodies and the private sector to deliver this vision. We have set the following actions;

**Action 17: Develop Business Cases for Net Zero Investments in the city:** Using the existing evidence base and plans, develop Business Cases for net zero infrastructure and mobility investments, including identifying and addressing investment, skills and policy constraints across the Public and Private Sector for the Green Transition.

**Action 18: Undertake joint planning to deliver infrastructure and services to support a city population of 345,000 and a population across Greater Nottingham of 710,000 by 2030:** Engage regional partners to develop a joint infrastructure strategy that builds upon the principles and vision within the Greater Nottingham Strategic Plan, to help guide and prioritise infrastructure development across the region to create a more cohesive, integrated, and resilient regional economy in the long run.

### **Priority 9: Enhance connectivity**

Enhanced physical and digital connectivity can drive agglomeration effects in the city, promote economic clustering, attract businesses and talent to the region and improve the opportunities available to our residents. Currently, inter-city connectivity to Nottingham is poor, and as part of this plan we want to help enhance frequency and reliability of commuting times into Nottingham. Alongside this, to ensure Nottingham is a well-connected city, we will make sure that every resident in Nottingham has equitable access to digital resources and opportunities, which allow them to take advantage of the excellent digital connectivity in the city centre.

For this priority, the plan is therefore focussed on developing and implementing a transport strategy that embraces commuter, visitor, and resident needs, alongside undertaking programmes of support that maximise digital inclusion. The key actions of this Economic Growth Plan are:


**Action 19: Enhance regional connectivity through the development of an East Midlands Transport Strategy:** In partnership with EMCCA, develop an East Midlands transport strategy that outlines the key transport requirements across the East Midlands, with a focus on the development of the key transport requirements in and out of Nottingham. This transport strategy will look to further develop active travel options and encourage sustainable mobility.

**Action 20: Deliver a digital inclusion programme:** Design and deliver a programme of activities that provide marginalised groups with access to digital skills and infrastructure that allows them to access connectivity.

### **Ambition:**

The delivery of these interventions seeks to help develop the infrastructure and services that effectively service a city population of 345,000 and a population across Greater Nottingham of 710,000 by 2030.

## 7.4 Liveability, Experience and Regeneration

Theme	Definition	Vision Statement	Ambition
 <p><b>Liveability, Experience &amp; Regeneration</b></p>	Delivering energetic, vibrant and sustainable places where people can live, work and play.	At its heart a contemporary, clean and globally competitive city centre paired with bustling and attractive neighbourhoods that collectively draws residents and visitors to a rich culture, sport and heritage experience across Nottingham	To secure the next £4bn of regenerative investment in our city.

Nottingham is the cultural hub of the East Midlands with innovative creative industries and vibrant cultural sector underpinning an attractive offer as a ‘destination city’ with sporting, heritage and retail assets. Nottingham boasts a range of notable tourist attractions, including renowned landmarks like Nottingham Castle, cultural venues such as Nottingham Playhouse and expansive green spaces like Wollaton Park, and iconic sporting venues like the City Ground and Trent Bridge, which lie just beyond the city boundary. These attractions play a significant role in attracting visitors to the city and showcasing its cultural, historical, and natural heritage. In addition to its individual attractions, Nottingham offers access to a variety of year-round events and festivities that further draw visitors to the region. Examples include the Robin Hood Festival, the Goose Fair and the Nottingham Carnival.

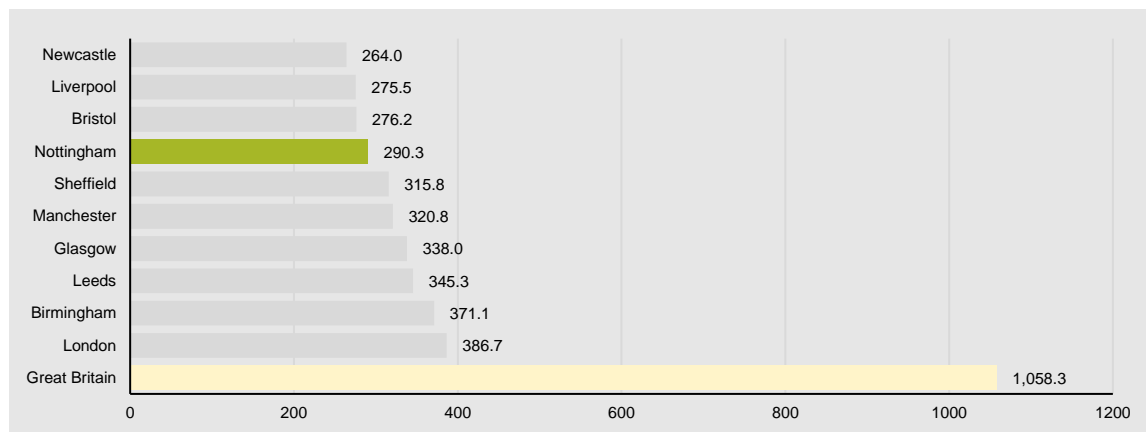
Nottingham’s arts, culture and heritage venue are key to attracting visitor spend to the city as well as supporting significant employment numbers – over 1,000 in culture venues alone. A recent study found that between April 2022 and March 2023, Nottingham’s art, culture and heritage venues collectively sold 1.93 million tickets, 1.64 million of these (85%) to bookers from outside the city with 66% of bookers resident beyond a 30-minute drivetime of the city centre.

Nottingham’s most recent STEAM report estimated that there were 10.8 million day visitors in 2022 (a record year). If this figure is accurate, visiting cultural venues would have comprised approximately 15% of those visits which significantly more than the England average of 4% (derived from Visit England’s most recent [Day Visit Survey](#)).

Access to public green space in Nottingham is also above the national average as measured by average distance to public green space. Within Nottingham the average distance to a public green space is 290m, significantly lower than the UK average of 1,058m<sup>26</sup>. Nevertheless, there are still greening opportunities within the city centre, to help increase green space for all and enhancing the attractiveness of our city.

<sup>26</sup> ONS – Access to Public Green Spaces - 2020

**Figure 9: Access to Green Spaces – Average Distance to Park, Public Garden, or Playing Field**



Source: ONS

Nottingham has experienced a higher average population growth between 2010 and 2022 compared to the average growth in the UK. With a growth rate of 1.1% per annum, Nottingham has outstripped the national average of 0.6% per annum<sup>27</sup>. This sustained and above-average population growth rate is a testament to the city's appeal and potential as a dynamic and thriving location.

As with all city centres, Nottingham has faced an evolutionary period in recent times, with challenges arising from the Covid-19 pandemic disrupting the financial resilience of many businesses located across the high street and accelerating changes in the retail landscape. Digital shopping has affected the traditional high-street model, with the high street needing to adapt to shifting commuter and consumer behaviours. During this period, Nottingham has seen the growth of new and distinct retail and creative business, such as 200 degrees Coffee, Dough Notts and Art of Football, with Sneinton Market a hub for creative businesses.

During this period of continued and often rapid evolution in working, studying and shopping patterns that affects how we use our city centres and neighbourhoods we will need promote their regeneration and management to sustain them as safe, clean, attractive, accessible, inclusive places to visit, study, work and shop.

The key current regeneration scheme in Nottingham is the Broad Marsh redevelopment, which aims to transform the area into a modern, vibrant space with new shops, new homes, new office buildings, leisure facilities and public spaces. While the shift to hybrid work may have reduced demand within the city centre, increased working from home has resulted in increased demand within residential areas in the city's neighbourhoods and there are consequently regeneration opportunities emerging in neighbourhoods.

**Focus areas:**

To remain a leading destination for businesses, residents, and visitors, Nottingham must maintain a world-class city centre that is contemporary, clean, and competitive. The pandemic has accelerated changes in consumer behaviour and working patterns. In response city centres and Neighbourhoods need to strike a better balance between leisure facilities, food and drink venues, experimental retail, and mixed-use developments that offer greater flexibility to cater to evolving needs. It is essential to adapt to these changes for Nottingham to thrive.

This will require developing an offer that leverages the rich leisure, sporting, and heritage experiences unique to the city. We must ensure that the city centre is complemented by vibrant and attractive

<sup>27</sup> Oxford Economics – Population by Local Authority

neighbourhoods, featuring modern and world-class facilities. By combining these elements, Nottingham can position itself as one of the UK's premier city locations attracting tourism, investment, and talent alike. To achieve this vision, we must continue to explore innovative approaches to urban development and management, invest in high-quality infrastructures, and create unique and memorable experiences that attract people from around the world. Collectively, these efforts will help Nottingham to continue to be a hub of global innovation, quality tourism, and modern urban living. To deliver this, we have set the following key priorities for this economic theme:

- **Priority 10: Identify and champion prime regeneration sites:** Create vibrant places that attract investment, residents, and businesses across Nottingham. Our goal is to make Nottingham an attractive place to live. We aim to achieve this by anchoring the office district with a new heart in Canalside, developing a thriving mixed-use district at Southside Works and prioritising regeneration of Broad Marsh.
- **Priority 11: Flourishing City Centre and Neighbourhoods:** To transition the city centre and local centres into thriving, high footfall nuclei with a clear purpose for Nottingham's leisure, events and retail demands.
- **Priority 12: Enhance and promote the visitor offer:** To enhance Nottingham's Visitor Offer, improving the visitor experience for tourists, business travellers, students and commuters alike.

#### **Priority 10: Identify and champion prime regeneration sites**

As part our growth agenda, we will both champion the development of prime regeneration sites and identify new regeneration opportunities, to help create vibrant places across the city that attract businesses talent and visitors. We recognize that it is essential to collaborate with investors and strategic partners to realise the potential of prime regeneration sites at The Waterfront, Castle Meadow and the Island Quarter, whilst prioritising our vision for Broad Marsh. We will set a clear vision for Canalside that emphasises creating a new heart for the city centres office district while maximizing the potential of Castle Meadow Campus. Our focus is on providing start-ups and incubators with flexible co-working spaces within a vibrant canal-side location. Additionally, we will establish a vision for the Southside of the City that focuses on developing a dynamic mixed-use district, which will link the industrial land uses to the north with new residential neighbourhoods along the river Trent.

Through concerted action, we aim to create thriving places, which people can, live-in, work-in and enjoy. We will work with our strategic partners to propose innovative solutions for each of the prime regeneration sites, tapping into our vision for green infrastructure, high-quality public spaces, and modern amenities that meet the changing needs of the community. This approach will put Nottingham at the forefront of local and international investment opportunities, helping attract additional economic activity to both the city and wider East Midlands region. As part of this plan, we have therefore set the following actions to help deliver against these objectives:

**Action 21: Accelerate the development of priority regeneration sites:** Work with partners to;

- a) develop clear and compelling visions for regeneration sites that help to reimagine areas of the city. There will be a particular focus on delivering the regeneration of Broad Marsh and setting the vision for the Canalside and Southside works areas, transforming these places to help regenerate the city.
- b) map investor targets to our requirements and engage the investment and development market directly to help accelerate our regeneration vision.

**Action 22: Promote development in line with the Greater Nottingham Strategic Plan:** This will involve building better partnerships and engagement amongst stakeholders, businesses, and residents and promoting and communicating the plan's long-term goals and the benefits. Through close collaboration with government organizations, businesses, and individuals, we will create momentum and commitment to the implement the plan's objectives and drive the region's formation, growth, and sustainability.

### **Priority 11: Flourishing City Centre and Neighbourhoods**

Changing consumer behaviour and working patterns have considerably shifted the role of city centres, from traditional retail-oriented hubs to more dynamic and diverse spaces that balance leisure, retail, and work demands. In Nottingham, we aim to plan for and actively manage the city centre around the evolving needs of our citizens and visitors. This will require a significant investment in modernising the city centre infrastructure, creating high-quality public spaces that foster connectivity, and maximizing the number of events and experiences that attract people to the area and working with partners to promote a clean and safe environment in our city centre and neighbourhoods.

Our approach to this transition includes reframing Nottingham's city centre as a high footfall nucleus, focused on creating vibrant spaces where people can live, work, and play. At the core of this effort is the goal of providing access to green spaces and leisure facilities that reflect the changing needs of residents and visitors alike. This will involve rethinking traditional land uses and extending our investment in cultural, entertainment and retail experiences in line with the evolving needs of the market. Ultimately, our vision for the city centre is to create a contemporary and diversified space that captures the spirit of this dynamic and thriving community.

To help deliver against this vision, we will undertake spatial and strategic planning of our city centre in conjunction with partners through the Local Plan, and apply the assets, policy and planning levers available to transition. Specifically, this Economic Growth Plan sets the following actions for implementation:

**Action 23: Undertake strategic enhancements to our neighbourhoods:** Seek investment to deliver enhancements to neighbourhoods that reflect changing patterns of working, shopping, learning and commuting.

**Action 24: Develop and Implement a Plan for the enhancement and management of the city centre** to reflect the evolving needs of the city.

### **Priority 12: Enhance and promote the visitor offer**

To deliver sustainable economic growth, we recognize the importance of a compelling and coordinated visitor offer for Nottingham. The aim of this priority is to leverage the city's unique appeal, including its distinct sporting and cultural assets, to create a diverse and sophisticated visitor experience for tourists, business travellers, students, and commuters alike. By refining our visitor offer, we can increase footfall, generate new demand, and further enhance the city's reputation as a thriving and attractive destination for people from across the UK and around the world.

This plan aims to increase the number of visitors to Nottingham and the value that they add to the economy by extending and raising the spending of day and overnight visitors to the city. We will develop a clear and co-ordinated visitor economy offer, leveraging our distinct vibrant cultural offer, and promote this through effective and compelling marketing campaigns. We will position Nottingham as a destination of choice for leisure, entertainment and major events, while creating a sense of place and identify for all residents and visitors. The resulting increase in footfall will help to ensure long-term sustainability of the cultural offer and the city centre itself.

We will stimulate additional economic growth and prosperity, generate opportunities for businesses and residents and enhance the Liveability, Experience and Regeneration of the city by better co-ordinating the visitor offer. Existing relationships and mechanisms such as the Nottingham Strategic Cultural Partnership and the BID will be key to delivering these ambitions. To achieve this, the plan sets the following priority actions:

**Action 25: Enhance and co-ordinate the visitor economy offer:** Reinvigorate the visitor economy offer, coordinate a major events action plan for Nottingham and develop a strategic approach to enhancing our cultural economy. Our goal is to support collaboration between major partners in the wider region to create a cohesive and attractive offering for tourists, residents, and visitors. We plan to create a major events action plan that focuses on bringing world-class events to our city and attracting significant footfall and visitor spending. Additionally, we will promote Nottingham's reputation as a premier destination for conferences, exhibitions, and other major events, and evaluate the feasibility of a major Convention Centre to provide the capacity needed. We are committed to unlocking Nottingham's full potential as a visitor destination and enhancing its economic growth.

**Action 26: Develop a visitor economy marketing strategy:** Develop an innovative marketing strategy for the city as a visitor destination, to showcase the region's attractions to tourists, visitors, and residents while emphasising sustainability and responsible tourism practices. This will involve working with partners to develop a co-ordinated approach across Nottingham, Nottinghamshire and the wider East Midlands.

**Ambition:**

The delivery of these interventions seeks to secure the next £4bn of regenerative investment in our city

## 8. DELIVERY

### 8.1 Actions

This plan outlines 26 actions to drive the delivery of its vision, ambitions and priorities.

The actions will deliver short and long-term change through strategic design, collaboration, shaping markets and targeted support to businesses and residents.

Some of the key actions will require funding for new initiatives, some may require existing delivery partners to work together in a different way, some will be for Nottingham specific activities whereas others will be best delivered in collaboration across a wider geography. Not all actions can be implemented immediately and simultaneously.

Nottingham City Council will work with partners to prioritise and progress the key actions and capture them within a Delivery Framework for the Plan, guided by the Nottingham Growth Board. With partners, the Council will periodically review and update the actions that will be required to deliver the Vision by 2030. We recognise the importance of remaining dynamic and flexible in the implementation of this plan; therefore, we will adjust and implement necessary actions in a timely manner.

### 8.2 Governance, Reporting and Monitoring

The progress of the Economic Plan for Growth will be carefully monitored by the Nottingham Growth Board and the City Council, both of whom will play vital roles in overseeing the delivery of the plan.

The Nottingham Growth Board take a guiding role, overseeing reports on progress of the delivery of the plan and the actions identified in it and providing recommendations for further steps. This board comprises key stakeholders from the public, private, and third sectors who work cohesively towards promoting economic growth in Nottingham.

The City Council will be responsible for overseeing stewardship of this plan, playing a proactive role in supporting the measurement and monitoring of progress and performance. They will closely monitor the plan's implementation and keep the stakeholders informed of the progress throughout.

Transparency and accountability play a critical role in driving change, and we will ensure that this plan is consistently reviewed and examined.

### 8.3 The East Midlands Mayoral Combined County Authority.

The East Midlands Mayoral Combined County Authority offers the opportunity to collaborate with partners to promote interventions of the level of impact and scale required to progress towards the vision of this plan.

The Nottingham Economic Growth Plan will inform and support the East Midlands Mayoral Combined County Authority by providing a clear and strategic vision for Nottingham's economic growth alongside a comprehensive outline of the city's current economic status, its ambitions for the future, and the initiatives required to achieve these aims.

Given the importance of Nottingham to the overall economy of the East Midlands, interventions that promote clean and inclusive growth in Nottingham will also make a significant contribution to the economic development of the East Midlands as a whole.



In practical terms, the Combined Authority will provide access to significant levels of investment funding, which will enable the delivery of several key projects identified in the Economic Growth Plan. Additionally, the Combined Authority will have the ability to work alongside a broader group of stakeholders across the wider region, helping ensure that the benefits of actions within this plan can be maximised and initiatives undertaken can be aligned with the region's broader ambitions and priorities.

The advent of the East Midlands Mayoral Combined County Authority represents an exciting opportunity to increase investment in the local economy, but it will not be the only route to securing the vision outlined in the plan. By working together to deliver this plan, drawing on the resources and expertise from many sources, we can help drive investment and activity in Nottingham that benefits our citizens, businesses, workers, learners and visitors and sustains a flourishing, green and inclusive Nottingham at the heart of a flourishing East Midlands.

## Appendix 1: Priorities, Objectives, Delivery Methods and Proposed Key Actions

Priority	Objective	Outcomes	Delivery Method	#	#	Proposed Key Actions
<b>Priority 1:</b> Cultivate meaningful employment	To raise workforce participation across Nottingham, providing all residents, particularly those who experience greater disadvantage with access to meaningful employment	Reduce Nottingham's unemployment rate to national average levels by 2030.  Reduce economic inactivity of over 25s in Nottingham to national average levels by 2030.	Investing in our people and communities through coordinated city-wide <b>employment and skills programmes that</b> strengthen the capabilities and resilience of our workforce	1(a)	1	Deliver NEET transition training programmes
				1(b)	2	Launch the 'Nottingham good work programme
				1(c)	3	Develop an all-age careers guidance service
				1(d)	4	Devolution of employment support services:
<b>Priority 2:</b> Raise skills levels	To raise skills levels throughout the city, ensuring that all our residents have the opportunity to access employment and we have a resilient workforce that are equipped with the required skills needed to adapt to future challenges.	Lower the portion of the population that hold no qualifications to 6.5% by 2030.  Foster a culture of lifelong learning across the city aligned to key skills gaps	Broadening our <b>education offer to promote adult learning and learning within target industry sectors</b> providing a natural pathway into work.	2(a)	5	Deliver foundational skill programmes
				2(b)	6	Delivering business needs led short courses across Nottingham:
<b>Priority 3:</b> Enhance employment productivity	To raise employment productivity in Nottingham, through higher paying, more highly skilled roles and diversified sectoral employment.	Narrow the gap in disposable household earnings between Nottingham and the UK average  Establish Nottingham as a top-5 destination of choice for graduates in the UK.  Careers in our city's future growth initiatives are accessible to all	Coordinating efforts to <b>accelerate the development of career paths</b> in future growth enablers across the city, and initiatives to <b>attract graduates and retain innovation locally</b>	3(a)	7	Drive apprenticeship demand in Nottingham
				3(b)	8	Maximise graduate retention in the city

Priority	Objective	Outcomes	Delivery Method	#	#	Proposed Key Actions
<b>Priority 4:</b> Accelerate emerging sectors	To stimulate growth and innovation in fast-growing emerging sectors where Nottingham has a comparative network, cluster or spatial advantage	Establish economic cluster hubs that promote job creation, innovation and GVA growth in emerging sectors	Empowering our <b>pioneering sectors and establishing the business networks</b> that will reinforce and grow these and the city's comparative advantage.	4(a)	9	Develop sector growth plans and cluster hubs for Creative and Digital, Life Sciences, and Advanced Manufacturing sectors.
				4(b)	10	Enhance sector collaboration and networks
				4(c)	11	Identify and accelerate investment opportunities in the Net Zero Economy
<b>Priority 5:</b> Nurture existing businesses	To provide businesses across our existing industries with the innovations, tools, Skills, finance and advice to grow, generate further employment	An annualised GVA growth rate above forecast and above the national average to 2030  Empower Nottingham's SME and Industrial ecosystem to expand, innovate and grow.	Delivery of <b>targeted business support</b> that intervenes on the constraints to growth industries face irrespective of whether asset, financial, infrastructure or innovation in nature.	5(a)	12	Strengthen support to businesses
				5(b)	13	Support growing firms to access investment
<b>Priority 6:</b> Attract new enterprise investment	To enhance Nottingham's investment appeal, attracting more domestic and foreign investment to the city.	Attract new and expansionary investors into the city.  Provide business across Nottingham with broad access to finance that supports growth.	Showcasing Nottingham's enterprise as a <b>premier choice for both new and expansionary investment</b> sourced from across the investor landscape	6(a)	14	Launch 'Opportunity Nottingham' to promote business investment in the city.
<b>Priority 7:</b> Drive housing growth	Develop housing of all tenures and types in and around the city centre and local centres that attract residents, population growth and footfall. This housing growth in the city also integrates and underpins our major regeneration ambitions such as Broadmarsh and Island Quarter.	Deliver our Delivery Target for Housing and action our Student Living Strategy.  Unlock spatial constraints within the city to increase available housing development space	A coordinated programme with our Partners of site identification and assembly, <b>maximising vacant and underutilised sites</b> with a focus on accelerated delivery.	7(a)	15	Unlock Nottingham's housing potential through innovative use of space, densification, and enhanced collaboration
				7(b)	16	Encourage land assembly to create a pipeline of investment opportunities

Priority	Objective	Outcomes	Delivery Method	#	#	Proposed Key Actions
<b>Priority 8:</b> Heartbeat of the East Midlands	To support the inclusive and green growth ambitions of the East Midlands Combined Authority and ambitions of Midlands Engine and Midlands Connect by ensuring that their transport and infrastructure investment programmes enhance Nottingham's role as the well-connected growth engine of the East Midlands economy	Secure strategic planning resource and investment for planned infrastructure  Attract the investment required to deliver our net-zero ambitions.	A <b>vision for the future of infrastructure</b> will be developed for the city, defining how we will work with national government, regional bodies and the private sector to deliver this vision.	8(a)	17	Develop business cases for Net Zero investments in the city:
				8(b)	18	Undertake joint planning to deliver infrastructure and services to support a city population of 345,000 and a population across Greater Nottingham of 710,000 by 2030
<b>Priority 9:</b> Enhance connectivity	To ensure that Nottingham is a well-connected city, where physical and digital connectivity are maximised	Enhance the frequency and reliability of commuting times into Nottingham.  Ensure that every resident in Nottingham has equitable access to digital resources and opportunities.	Developing and implement a <b>transport strategy that embraces commuter, visitor and resident needs</b> and programmes of support that <b>maximise digital inclusion</b> .	9(a)	19	Enhance regional connectivity through the development of an East Midlands Transport Strategy:
				9(b)	20	Deliver a digital inclusion programme:
<b>Priority 10:</b> Champion Prime Regeneration Sites	Create vibrant places that attract investment, residents, and businesses across Nottingham. Our goal is to make Nottingham an attractive place to live. We aim to achieve this by anchoring the office district with a new heart in Canalside, developing a thriving mixed-use district at Southside Works and prioritising regeneration of Broad Marsh.	Deliver on the investment priorities for Broad Marsh and its emerging masterplan.	Collaborating with investors and strategic partners to realise the vision for <b>three prime regeneration sites</b> at The Waterfront, Castle Meadow, and the Island Quarter, and widely promote our emerging vision for Broadmarsh.	10(a)	21	Accelerate the development of priority regeneration sites
				10(b)	22	Promote development in line with the Greater Nottingham Strategic Plan
<b>Priority 11:</b> Flourishing city	To transition the city centre and local centres into thriving, high footfall nuclei with a clear purpose for	Increase footfall and spending in the core city.	We will undertake <b>spatial and strategic planning of our city centre</b> in	11(a)	23	Undertake strategic enhancements to our neighbourhoods

Priority	Objective	Outcomes	Delivery Method	#	#	Proposed Key Actions
Centre and Neighbourhoods	Nottingham's leisure, events and retail demands.	Increase the number of events held in the city centre	conjunction with Partners through the Local Plan, and apply the assets, policy and planning levers available to transition	11(b)	24	Develop and implement a plan for the enhancement and management of the city centre
Priority 12: Enhance and promote the visitor offer:	To enhance Nottingham's Visitor Offer, improving the visitor experience for tourists, business travellers, students and commuters alike.	Increase the number of domestic and international visitors to Nottingham by 2030.  Extended and higher spending day and overnight visitor stays in the city	We will develop a <b>clear and co-ordinated visitor economy offer</b> and promote this through effective and compelling marketing campaigns and promotion	12(a)	25	Enhance and co-ordinate the visitor economy offer
				12(b)	26	Develop a visitor economy marketing strategy

## Appendix 2 – Approach to Identifying Actions

To develop this plan, our approach has focussed on reflecting the needs of the city's economy and developing economic interventions that address Nottingham's strengths and weaknesses. To do this, we have sought to answer three key questions:

**a. How do we focus the Economic Plan to ensure it delivers actions to support growth in the city?**

- The driving objective throughout the plan, is to help deliver inclusive economic growth and development of the city that improves the economic outlook for all.
- To ensure that we have tangible actions to deliver this vision, we have focussed on identifying evidence-based interventions in collaboration with stakeholders across the city and developing a coherent action that ensure Nottingham, can grow and prosper in an inclusive way.
- The activities build upon existing actions and interventions with a focus on leveraging them to support the priorities identified in this plan.
- The activities listed in the plan are designed to help galvanise the Council, Private Business, Residents and broader stakeholders to deliver interventions that drive growth in the city.
- By developing interventions collaboratively, the plan has sought to maximise collective ownership and ensure that actions are delivered across the Economic Growth Plan period.

**b. How can we ensure that the plan reflects the needs of Nottingham's economy?**

- To develop an Economic Growth Plan that addresses the key needs in Nottingham's economy, this plan is underpinned by economic analysis that identifies the key strengths and weaknesses of Nottingham's economy.
- This analysis was converted into a series of key needs for the Economic Growth Plan to address, which in consultation with Nottingham stakeholders were used to develop the key economic ambitions and priorities of the plan.
- To help develop this plan we have undertaken wide-ranging public consultation with including targeted engagements with youth and disability groups and multi-partner workshops on each of the four economic themes

**c. How can we balance competing priorities within the plan?**

- To ensure that competing priorities are considered in the plan, we have undertaken extensive open consultation, hosting various steering group sessions, as well as internal Council working group sessions.
- Stakeholders have been given the opportunity to submit ideas and interventions for consideration in the plan and were also involved with drafting and refining the plans strategic ambitions and priorities.
- Across competing priorities, we have utilised a locally owned prioritisation framework to objectively assess and prioritise interventions and ensure the plan is both ambitious but also deliverable.

## Appendix 3 – Ambition and Outcome Measures

### Economic Ambitions

1. To facilitate additional employment of 12,000 new jobs by 2030.
2. To generate £500m of additional GVA by 2030 in the city, by achieving above trend growth
3. Develop infrastructure and services to serve a city population of 345,000 and an urban population across Greater Nottingham of 710,000 by 2030
4. To secure the next £4bn of regenerative investment in our city.

### Outcomes

1. Reduce Nottingham's unemployment rate to national average levels by 2030
2. Reduce economic inactivity of over 25s in Nottingham to national average levels by 2030
3. Lower the portion of the population that hold no qualifications to 6.5% by 2030
4. Foster a culture of lifelong learning across the city aligned to key skills gaps
5. Narrow the gap in disposable household earnings between Nottingham and the UK average
6. Establish Nottingham as a top-5 destination of choice for graduates in the UK
7. Careers in our city's future growth initiatives are accessible to all
8. Establish economic cluster hubs that promote job creation, innovation and GVA growth in emerging sectors
9. An annualised GVA growth rate above forecast and above the national average to 2030
10. Empower Nottingham's SME and industrial ecosystem to expand, innovate and grow
11. Attract new and expansionary investment into the city
12. Provide business across Nottingham with broad access to finance that supports growth
13. Deliver our targets for Housing and our Student Living Strategy
14. Unlock spatial constraints within the city to increase available housing development space
15. Secure strategic planning resource and investment for planned infrastructure
16. Attract the investment required to deliver our net-zero ambitions
17. Enhance the frequency and reliability of commuting times into Nottingham
18. Ensure that every resident in Nottingham has equitable access to digital resources and opportunities
19. Deliver the investment priorities for Broad Marsh and its emerging masterplan
20. Increase footfall and spending in the core city
21. Increase the number of events held in the city centre
22. Increase the number of domestic and international visitors to Nottingham by 2030
23. Extended and higher spending day and overnight visitor stays in the city

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<b>Subject:</b>	Regulation of Investigatory Powers (RIPA) Policy
<b>Corporate Director(s)/Director(s):</b>	Ross Brown, Corporate Director, Finance and Resources and Section 151 Officer, Beth Brown, Director of Legal and Governance and Monitoring Officer.
<b>Executive Member(s):</b>	Councillor Linda Woodings, Executive Member for Finance and Resources
<b>Report author and contact details:</b>	Naomi Matthews, Team Leader Information Compliance and Data Protection Officer 0115 8764415  Alison Liversidge, Information Compliance Specialist 0115 8763952
<b>Other colleagues who have provided input:</b>	
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(a)	<input 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
<b>and/or</b>	
(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
<b>Type of expenditure:</b>	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date:
<b>Total value of the decision:</b>	Nil
<b>Section 151 Officer expenditure approval</b>	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:
<b>Commissioner Consideration</b>	Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Any comments the Commissioners wish to provide are listed below.
<b>Wards affected:</b>	All
<b>Date of consultation with Executive Member(s):</b>	
<b>Relevant Council Plan Key Outcome:</b>	
Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input checked="" 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 type="checkbox"/>
Financial Stability	<input type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>

**Summary of issues (including benefits to citizens/service users):**

The Regulation of Investigatory Powers Act 2000 (RIPA) and the Codes of Practice issued under section 71 of that Act regulate the way in which the Council conducts surveillance for the purposes of law enforcement.

The Council are required annually to consider a report on the Council's use of its RIPA powers and review and approve the Council' RIPA policies.

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

**No**

**Recommendation(s):**

1. To approve the Regulation of Investigatory Powers Policy and Guidance which incorporates the Online Research and Investigation Policy, as attached at Appendix 1, and Social Media Guidance as attached at Appendix 2.
2. To note that the annual report in relation to the use of RIPA powers will be reported to the City Council's Audit Committee on an annual basis as part of the Information Assurance Update
3. To note that the RIPA Policy will be submitted to Executive Board for review and approval on an annual basis in line with the Home Office Code of Covert Surveillance Property Interference 2018 and the Code of Practice for CHIS 2022;
4. To note the Council's Senior Responsible Officer (SRO) and Authorising Officers in relation to RIPA procedures.

**1. Reasons for recommendations**

- 1.1 To ensure compliance with the Regulation of Investigatory Powers Act 2000.

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

- 2.1 The Regulation of Investigatory Powers Act 2000 ("RIPA") provides a statutory framework regulating the use of directed surveillance and the conduct of covert human intelligence sources (informants or undercover officers) by public authorities. The Act requires public authorities, including local authorities, to use covert investigation techniques in a way that is necessary, proportionate and compatible with human rights. RIPA also provides for the appointment of a Chief Surveillance Commissioner to oversee the way in which public authorities carry out covert surveillance.
- 2.2 RIPA governs the use of covert surveillance by local authorities. The Council uses powers under RIPA to support its core functions for the purpose of prevention and detection of crime where an offence may be punishable by a custodial sentence of six months or more, or is related to the underage sale of alcohol and tobacco.
- 2.3 The two powers available to local authorities under RIPA: are directed surveillance and covert human intelligence sources ("CHIS"). The Act sets out the procedures that the Council must follow if it wishes to use directed surveillance techniques in order to support core function activities (e.g. typically those undertaken by Trading Standards, Environmental Health and the Counter Fraud team). The information

obtained as a result of such operations can later be relied upon in court proceedings providing RIPA is complied with.

- 2.4 The Investigatory Powers Commissioners Office (IPCO) inspects every three years. The Council's next inspection by IPCO is due now. At the last inspection in March 2020, IPCO discharged the two previous recommendations and found that the current level of compliance meant that there was no need for a physical inspection at the time of the telephone inspection. It was noted that it is important to deal with directed surveillance applications in a consistent way and that additional training should be offered to staff who may utilise directed surveillance within their investigations. IPCO have previously noted that annual and regular RIPA reports be submitted to elected members.
- 2.5 The updated Policy at Appendix 1 will provide guidance to all appropriate officers on how to make use of the powers. The City Council may use these powers to investigate a varied range of offences; however, the powers are used rarely in practice as they are only used when no alternative to covert surveillance can be found. It should also be noted that the nature of criminal investigation has changed over the last few years due to increased use of social media by members of the public; therefore this has prompted the need for a specific policy in relation to Online Research and Investigation which forms an appendix to the wider RIPA policy. The updated Policy recommended to Members is compliant with the requirements of RIPA and when approved will be published on the Council's website.
- 2.6 Detailed in the table below are five distinct roles within the Policy and the names of the persons whom currently hold those positions:

<b>Role</b>	<b>Role description</b>	<b>Post Holder (s)</b>
Applicants	The applicant is usually the investigating officer who applies for authorisation to carry out covert surveillance.	This can be any authorised investigating officer.
Senior Responsible Officer (SRO)	Required by the IPCO with oversight of the authority's use of Part I and II powers.	Beth Brown (Director of Legal and Governance and Monitoring Officer)
Authorising Officer (s)	Must be a senior officer of at least the level of Head of Service or equivalent authorised by the Council who will consider all applications for authorisation in accordance with RIPA.	The Council currently has three Authorising Officers: <ul style="list-style-type: none"> <li>• Mel Barrett (Chief Executive and Head of Paid Service)</li> <li>• Colin Wilderspin (Interim Director of Communities)</li> <li>• James Douglas (Head of Community Protection)</li> </ul>

Co-ordinating Officer	Responsibility for the day-to-day RIPA management and administrative processes observed in obtaining an authorisation and advice thereon.	Naomi Matthews – (Data Protection Officer and Senior Solicitor)
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### 3. **Other options considered in making recommendations**

- 3.1 None, the Council are required by law to maintain an up to date policy and ensure that surveillance is being carried out in accordance with RIPA and associated guidance.

### 4. **Consideration of Risk**

There is a risk that Nottingham City Council will be failing to comply with its statutory duty under RIPA 2000 to ensure that the policy is updated and approved by the council each year if this report does not go to Executive Board in a timely manner.

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

- 5.1 There are no best value considerations.

### 6. **Commissioner comments**

- 6.1 Commissioners have noted the report and have no further comments.

### 7. **Finance colleague comments (including implications and value for money/VAT)**

- 7.1 The recommendation in this report seeks approval for the updated Regulation of Investigatory Powers Policy and Guidance.
- 7.2 There is a risk that Nottingham City Council will be failing to comply with its statutory duty under RIPA 2000 if it does not ensure that the policy is updated and approved by the council each year.
- 7.3 The revised policy should be implemented and adhered to in order to mitigate any financial risk including where the council could be ordered to pay compensation either by a court or the ombudsman.

Alfred Ansong, Interim Strategic Finance Business Partner, 1<sup>st</sup> May 2024  
 Toyin Bamidele, Finance and Improvement Programme Lead, 2<sup>nd</sup> May 2024

### 8. **Legal colleague comments**

- 8.1 Failure to observe the Regulation of Investigatory Powers Act 2000 could potentially constitute a breach of data protection and human rights legislation and could therefore result in significant reputational and/or financial damage to the Council.

- 8.2 Compliance with this policy and guidance document will help avoid legal challenges to evidence gathered during the course of investigations under the Human Rights Act 1998 and the Regulation of Investigatory Powers Act 2000.
- 8.3 Compliance will furthermore assist the Council is working, with its partners, towards the reduction of crime and disorder by ensuring evidence gathered by the use of covert surveillance has been acquired legally and that the correct procedures have been followed, including authorisation by a justice of the peace or magistrate.

Naomi Matthews, Data Protection Officer, 22/04/2024

9. **Other relevant comments**

Not applicable

10. **Crime and Disorder Implications (If Applicable)**

- 10.1 The RIPA 2000 policy and social media guidance supports criminal prosecutions by ensuring that lawful surveillance takes place which may help to reduce crime and disorder.

11. **Social value considerations (If Applicable)**

11.1 Not applicable

12. **Regard to the NHS Constitution (If Applicable)**

12.1 Not applicable

13. **Equality Impact Assessment (EIA)**

- 13.1 Has the equality impact of the proposals in this report been assessed?  
An EIA was completed in 2019.  
Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because previous assessment with EIA team demonstrated no need for EIA due to there being no relevant implications identified by this policy.

Yes

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

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

No

A DPIA is not required because: there are no data protection impacts associated with the adoption of this policy.

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

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

No

A CIA is not required because: there is no carbon impact associated with the adoption of the RIPA Policy

Yes

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

**N/A**

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

Covert Surveillance and Property Interference - Revised Code of Conduct – August 2018

Covert Human Intelligence Sources – Revised Code of Conduct – December 2022

# **NOTTINGHAM CITY COUNCIL**

## **REGULATION OF INVESTIGATORY POWERS**

### **ACT 2000 (RIPA)**

## **POLICY AND GUIDANCE ON PART II**

### **CONTENTS**

1. Policy
2. Guidance – Part II – Direct Surveillance and Covert Human Intelligence Source
3. Appendix A – Links to Home Office - Forms
4. Appendix B – Links to Home Office - Codes of Practice
5. Appendix C – NCC Online Research and Investigation Guidance

## **NOTTINGHAM CITY COUNCIL**

### **POLICY ON REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

Nottingham City Council only carries out covert surveillance where such an action is justified and endeavours to keep such surveillance to a minimum. It recognises its obligation to comply with RIPA when such an investigation is for one of the purposes set out in that Act and has produced this Guidance document to assist officers.

#### **Applications for authority**

A senior officer of at least the level of Head of Service or equivalent authorised by the Council will consider all applications for authorisation in accordance with RIPA. Any incomplete or inadequate application forms will be returned to the applicant for amendment. The authorising officer shall in particular ensure that:-

- There is a satisfactory reason for carrying out the surveillance
- Any directed surveillance passes the “serious crime” threshold
- The covert nature of the investigation is necessary
- Proper consideration has been given to collateral intrusion
- The proposed length and extent of the surveillance is proportionate to the information being sought
- Chief Executive’s authorisation is sought where confidential legal/ journalistic/ medical/ spiritual welfare issues/ parliamentary issues are involved
- The authorisations are reviewed and cancelled
- Records of all authorisations are sent to the Information Compliance Team Leader for entry on the Central Register and copies are sent to legal for a hard-copy central register.

#### **Training**

The Information Compliance team shall be responsible for the training of applicants and Authorising Officers.

Each Authorising Officer will then ensure that relevant members of staff are aware of the Act’s requirements.



The Senior Responsible Officer shall ensure that refresher training is offered once a year to all Directorates of the Council and also to require the legal team and the Information Compliance team to give advice and training on requests.

### **Central register and records**

The Information Compliance Team Leader shall retain the Central Register of all authorisations issued by Nottingham City Council. The Information Compliance Team Leader, together with the Criminal Solicitors in Legal, will also monitor the content of the application forms and authorisations to ensure that they comply with the Act.

### **Senior Responsible Officer**

The Senior Responsible Officer, a role required by IPCO with oversight of Local Authority's use of part II powers, is the Director of Legal and Governance, Ms Beth Brown.

### **RIPA Coordinating Officer**

The Information Compliance Team leader, presently Naomi Matthews, will perform the RIPA Coordinating Officer role, with responsibility for the day-to-day RIPA management and administrative processes observed in obtaining an authorisation and advice thereon.

# **REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

## **GUIDANCE ON PART II**

### **DIRECTED SURVEILLANCE AND COVERT HUMAN INTELLIGENCE SOURCE**

#### **1. Purpose**

The purpose of this guidance is to explain:

- (i) the scope of RIPA – Part II,
- (ii) the circumstances where it applies, and
- (iii) the authorisation procedures to be followed

#### **2. Introduction**

- 2.1 This Act, which came into force in 2000, is intended to regulate the use of investigatory powers exercised by various bodies including local authorities, and ensure that they are used in accordance with human rights. This is achieved by requiring certain investigations to be authorised by an appropriate officer before they are carried out.
- 2.2 The investigatory powers, which are relevant to a local authority, are directed covert surveillance in respect of specific operations, involving criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months' imprisonment or are related to the underage sale of alcohol and tobacco, and the use of covert human intelligence sources. The Act makes it clear for which purposes they may be used, to what extent, and who may authorise their use. There are also Codes of Practice in relation to the use of these powers and the Home Office web site links for these are at **Appendix B.**
- 2.3 Consideration must be given, prior to authorisation as to whether or not the acquisition of private information is necessary and proportionate, i.e. whether a potential breach of a human right is justified in the interests of the community as a whole, or whether the information could be gleaned in other ways.

#### **3. Definitions**

- 3.1 'Covert' is defined as surveillance carried out in such a manner that is calculated to ensure that the person subject to it is unaware that it is or may be taking place. (s.26(9)(a))
- 3.2 'Covert human intelligence source' (CHIS) is defined as a person who establishes or maintains a relationship with a person for the covert purpose of obtaining information about that person. (s.26 (8))

- 3.3 'Directed surveillance' is defined as covert but not intrusive and undertaken:
- (i) for a specific investigation or operations,
  - (ii) in such a way that is likely to result in the obtaining of private information about any person,
  - (iii) other than by way of an immediate response (s.26 (2))
- 3.4 'Private information' includes information relating to a person's private or family life.
- 3.5 'Intrusive' surveillance is covert surveillance that is carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle or using a surveillance device. **Nottingham City Council may not authorise such surveillance.**
- 3.6 An Authorising Officer must be the Chief Executive, Head of Service, Director, Head of Legal Services, a Corporate Director, Director or Head of Service (or equivalent) responsible for the management of an investigation (see Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (SI No. 521)). An Authorising Officer will have undergone training to support them in this role and the Council's Information Compliance Team will retain a list of approved Authorising Officers. The Senior Responsible Officer is the Director of Legal and Governance. The role of the Senior Responsible Officer is to oversee the compliance of the Authorising Officers and processes in use in Nottingham City Council.
- 3.7 The Senior Responsible Officer will authorise and maintain a list of Authorising Officers and Investigating Officers. The Council's Information Compliance Team will retain this list.

#### **4. Scrutiny and Tribunal**

##### 4.1 External Scrutiny

- 4.1.1 The Investigatory Powers Commissioners Office (IPCO) was set up to monitor compliance with RIPA. IPCO has "a duty to keep under review the exercise and performance by the relevant persons of the powers and duties under Part II of RIPA", and the Surveillance Commissioner will from time to time inspect the Council's records and procedures for this purpose.
- 4.1.2 As of 1<sup>st</sup> November 2012, the Council has to obtain an order from a Justice of Peace approving the grant or renewal of any authorisation for the use of directed surveillance or CHIS before the authorisation can take effect and the activity carried out. The Council can only appeal a decision of the Justice of the Peace on a point of law by Judicial Review.

4.1.3 In order to ensure that investigating authorities are using the powers properly, the Act also establishes a Tribunal to hear complaints from persons aggrieved by conduct, e.g. directed surveillance. Applications will be heard on a Judicial Review basis. Such claims must be brought no later than one year after the taking place of the conduct to which it relates, unless it is just and equitable to extend this period.

4.1.4 The Tribunal can order:

- Quashing or cancellation of any warrant or authorisation,
- Destruction of any records or information obtained by using a warrant or authorisation,
- Destruction of records or information held by a public authority in relation to any person.

4.1.5 The Council has a duty to disclose to the tribunal all documents they require if any Council officer has:

- Granted any authorisation under RIPA
- Engaged in any conduct as a result of such authorisation.

## 4.2 Internal Scrutiny

4.2.1 The Council will ensure that at all times the Senior Responsible Officer is responsible for;

- the integrity of the process in place within the Council to authorise directed surveillance and CHIS
- Compliance with Part II of the Act and with the accompanying Codes of Practice
- Engagement with the Commissioners and inspectors when they conduct their inspections
- Overseeing the implementation of any post-inspection action plans or recommendations as suggested by the Inspector/Commissioner.

4.2.2 The elected members of the Council will review the Authority's use of the Act and the Authority's policy and guidance documents at least once a year. They will also consider internal reports on the use of the Act on at least a quarterly basis to ensure that it is being used consistently with the Local Authority's policy and that the policy remains fit for purpose. The Elected Members will not however be involved in making decisions with regards to specific authorisations.

## 5. Benefits of RIPA authorisations

5.1 The Act states that if authorisation confers entitlement to engage in a certain conduct and the conduct is in accordance with the authorisation, then it will be lawful for all purposes. Consequently, RIPA provides a defence to an accusation of an infringement of a human right by creating a statutory framework under which covert surveillance can be authorised and conducted compatibly with

Article 8 of the Human Rights Act 1998 – a person's right to respect for their private and family life, home and correspondence.

5.2 Material obtained through properly authorised covert surveillance may be admissible evidence in criminal proceedings.

## 6. **When does RIPA apply?**

6.1 Where the directed covert surveillance of an individual or group of individuals, or the use of a CHIS, is necessary for the purpose of preventing or detecting crime.

6.2 The Council can only authorise **directed surveillance** to prevent and detect conduct which constitutes one or more criminal offences. The criminal offences must be punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months imprisonment or be an offence under:-

- a) S.146 of the Licensing Act 2003 (sale of alcohol to children)
- b) S.147 of the Licensing Act 2003 (allowing the sale of alcohol to children)
- c) S.147A of the Licensing Act 2003 (persistently selling alcohol to children)
- d) S.7 of the Children and Young Persons Act 1933 (sale of tobacco, etc, to persons under eighteen)

## CCTV

6.3 The normal use of CCTV is not usually covert because members of the public would normally require authorisation to view CCTV and are informed by signs that such equipment is in operation. However, authorisation should be sought where it is intended to use CCTV covertly and in a pre-planned manner as part of a specific investigation or operation to target a specific individual or group of individuals. Equally a request, say by the police, to track particular individuals via monitoring CCTV recordings may require authorisation (from the police). This policy should be read in conjunction with NCC CCTV policy.

## 7. **Covert Human Intelligence Source**

7.1 The RIPA definition (section 26) is anyone who:

- a) establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraphs b) or c)
- b) covertly uses such a relationship to obtain information or provide access to any information to another person; or
- c) covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

Any reference to the conduct of a CHIS includes the conduct of a source which falls within a) to c) or is incidental to it.

References to the use of a CHIS are references to inducing, asking or assisting a person to engage in such conduct.

7.2 Section 26(9) of RIPA goes on to define:-

- b) a purpose is covert, in relation to the establishment or maintenance of a personal or other relationship, if, and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of that purpose; and
- c) a relationship is used covertly, and information obtained as mentioned in subsection (8)(c) above and is disclosed covertly, if, and only if it is used or as the case may be, disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

7.3 There is a risk that an informant who is providing information to the Council voluntarily may in reality be a CHIS even if not tasked to obtain information covertly. It is the activity of the CHIS in exploiting a relationship for a covert purpose which is ultimately authorised in the 2000 Act, not whether or not the CHIS is asked to do so by the Council. When an informant gives repeat information about a suspect or about a family and it becomes apparent that the informant may be obtaining the information in the course of a neighbourhood or family relationship, it may mean that the informant is in fact a CHIS. Legal advice should always be sought in such instances before acting on any information from such an informant.

7.4 Juvenile Sources

7.4.1 Special safeguards apply to the use or conduct of juvenile sources; that is sources under the age of 18 years. On no occasion should the use or conduct of a source under the age of 16 years be authorised to give information against his parents or any person who has parental responsibility for him. The duration of a juvenile CHIS is one month. The Regulation of Investigatory Powers (Juveniles) Order 2000 SI No. 2793 contains special provisions which must be adhered to in respect of juvenile sources.

7.5 Vulnerable individuals

7.5.1 A vulnerable individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself, or unable to protect himself against significant harm or exploitation. Any individual of this description should only be authorised to act as a source in the most exceptional circumstances.

## 8. Authorisations

### 8.1 Applications for directed surveillance

8.1.1 All application forms must be fully completed with the required details to enable the Authorising Officer to make an informed decision.

No authorisation shall be granted unless the Authorising Officer is satisfied that the investigation is:

- necessary for either the purpose of preventing or detecting crime or of preventing disorder,
- Involves a criminal offence punishable whether summarily or on indictment by a maximum sentence of at least six months imprisonment or related to the underage sale of alcohol or tobacco (see para 6.2 for offences),
- proportionate to the ultimate objective. This has 3 elements, namely 1) that the method of surveillance proposed is not excessive to the seriousness of the matter being investigated, 2) the method used must be the least invasive method available to ensure the target's privacy, 3) the privacy of innocent members of the public must be respected and collateral intrusion minimised (see 8.1.2).
- and that no other form of investigation would be appropriate.

The grant of authorisation should indicate that consideration has been given to the above points and if there are any areas of concern these should be discussed with the Information Compliance Team specialist or Legal Services. The following however are crucial points that should be adhered to in every case;

Necessity: Covert surveillance cannot be said to be necessary if the desired information can reasonably be obtained by overt means. It must also be necessary for the purpose of preventing or detecting crime.

Proportionality: The method of surveillance proposed must not be excessive in relation to the seriousness of the matter under investigation. It must be the method which is the least invasive of the target's privacy.

Collateral intrusion which affects the privacy rights of innocent members of the public, must be minimised and use of the product of the surveillance carefully controlled so as to respect those rights.

8.1.2 The Authorising Officer must also take into account the risk of 'collateral intrusion' i.e. intrusion on, or interference with, the privacy of persons other than the subject of the investigation, particularly where there are special sensitivities e.g. premises used by lawyers, doctors or priests e.g. for any form of medical or

professional counselling or therapy. The application must include an **assessment** of any risk of collateral intrusion for this purpose.

Steps must be taken to avoid unnecessary collateral intrusion and minimise any unnecessary intrusion.

Those carrying out the investigation must inform the Authorising Officer of any unexpected interference with the privacy of individuals who are not covered by the authorisation, as soon as these become apparent. Where such collateral intrusion is unavoidable, the activities may still be authorised, provided this intrusion is considered proportionate to what is sought to be achieved.

### **8.1.3 Special consideration in respect of confidential information**

Particular attention is drawn to areas where the subject of surveillance may reasonably expect a high degree of privacy, e.g. where confidential information is involved.

Confidential information consists of matters subject to legal privilege, communications between a Member of Parliament and another person on constituency matters, confidential personal information or confidential journalistic material.

#### Legal privilege

Generally, this applies to communications between an individual and his/her legal adviser in connection with the giving of legal advice in connection with or in contemplation of legal proceedings. Such information is unlikely ever to be admissible as evidence in criminal proceedings.

If in doubt, the advice of the Information Compliance Team leader and/or Legal Services should be sought in respect of any issues in this area.

#### Confidential personal information

This is oral or written information held in (express or implied) confidence, relating to the physical or mental health or spiritual counselling concerning an individual (alive or dead) who can be identified from it. Specific examples provided in the Codes of Practice are consultations between a health professional and a patient, discussions between a minister of religion and an individual relating to the latter's **spiritual welfare** or matters of **medical or journalistic confidentiality**.

#### Confidential journalistic material

This is material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence.



It should be noted that matters considered to be confidential under RIPA may not necessarily be properly regarded as confidential under section 41 of the Freedom of Information Act.

**Where such information is likely to be acquired, the surveillance may only be authorised by the Chief Executive, or, in his absence, a Chief Officer and should only be authorised where there are exceptional and compelling circumstances that make authorisation necessary.**

#### **8.1.4 Notifications to Inspector/Commissioner**

The following situations must be brought to the Inspector/Commissioner's attention at the next inspection:

- Where an officer has had to authorise surveillance in respect of an investigation in which he/she is directly involved,
- Where a lawyer is the subject of an investigation or operation;
- Where confidential personal information or confidential journalistic information has been acquired and retained.

#### **8.1.5 Special considerations in respect of social networking sites**

The fact that digital investigations are routine or easy to conduct does not reduce the need for authorisation if the criteria are met. Any surveillance carried out on the internet must be carried out in accordance with the Nottingham City Council's policy and guidance on internet investigations (see Appendix C).

#### **8.1.6 Applications for CHIS**

This process is the same as for directed surveillance except that the serious crime threshold of investigating criminal offences with a sentence of at least 6 months in imprisonment does not apply. The authorisation must specify the activities and identity (by pseudonym only) of the CHIS and that the authorised conduct is carried out for the purposes of, or in connection with, the investigation or operation so specified.

A risk assessment and record must be prepared and records need to be kept for this purpose.

All application forms must be fully completed with the required details to enable the authorising officer to make an informed decision.

### **8.1.7 Judicial Approval of authorisations**

Once the Authorising Officer has authorised the Directed Surveillance or CHIS, the Investigating Officer who completed the application form should contact the Magistrates Court to arrange a hearing for the authorisation to be approved by a Justice of the Peace.

The Investigating Officer will provide the Justice of the Peace with a copy of the original authorisation and the supporting documents setting out the case. This forms the basis of the application to the JP and should contain all information that is relied upon.

In addition the Investigator will provide the Justice of the Peace with a partially completed judicial application/order form.

The hearing will be in private and the Officer will be sworn in and present evidence as required by the Justice of the Peace. Any such evidence should be limited to the information in the authorisation.

The Justice of the Peace will consider whether he/she is satisfied that at the time the authorisation was given there were reasonable grounds for believing that the authorisation or notice was necessary and proportionate and whether that continues to be the case. They will also consider whether the authorisation was given by the appropriate designated person at the correct level within the Council and whether (in the case of directed surveillance) the crime threshold has been met.

The Justice of the Peace can:

- (a) **Approve the grant of the authorisation**, which means the authorisation will then take effect.
- (b) **Refuse to approve the grant of the authorisation**, which means the authorisation will not take effect but the Council could look at the reasons for refusal, make any amendments and reapply for judicial approval.
- (c) **Refuse to approve the grant of the authorisation** and quash the original authorisation. The Court cannot exercise its power to quash the authorisation unless the applicant has at least two business days from the date of the refusal in which to make representations.

### **8.1.7 Working in Partnership with the Police and other agencies**

Authorisation can be granted in situations where the Police or other agency rather than Nottingham City Council require the surveillance to take action, as long as the behaviour complained of, meets all criteria to grant and in addition is

also of concern to the Council. Authorisation cannot be granted for surveillance requested by the police or other agency for a purely police or other agency purpose. Where the Authority is authorising the surveillance under RIPA, all required documentation must be completed by Council Officers.

Where another agency or organisation has an existing relationship with Nottingham City Council, any covert surveillance carried out by them must be under a RIPA obtained by Nottingham City Council and the authorisation must be subject to the safeguards as if Nottingham City Council carried out the surveillance.

#### **9. Unique Operation Reference Numbers**

Each application for Directed Surveillance and CHIS must have a Unique Reference Number (URN). This URN will begin with **2NCC** for a Part II Nottingham City Council surveillance application, followed by the year in which the authority was granted followed by a sequential number, for example 2NCC/10/01.

#### **10. Duration and Cancellation**

- An authorisation for **directed surveillance** shall cease to have effect (if not renewed or cancelled) 3 months from the date the Justice of the Peace approves the grant.
- If renewed the authorisation shall cease to have effect 3 months from the expiry date of the original authorisation.
- An authorisation for **CHIS** shall cease to have effect (unless renewed or cancelled) 12 months from the date the Justice of the Peace approves the grant or renewal.

**This does not mean that the authorisation should necessarily be permitted to last for the whole period so that it lapses at the end of this time. The authorising officer, in accordance with section 45 of the Act, must cancel each authorisation as soon as that officer decides that the surveillance should be discontinued. Documentation of any instruction to cease surveillance should be retained and kept with the cancellation form.**

On cancellation the cancellation form should detail what product has been obtained as a result of the surveillance activity. The form should include the dates and times of the activity, the nature of the product obtained and its format, any associated log or reference numbers, details of where the product is to be held and the name of the officer responsible for its future management.

## 11. **Reviews**

The Authorising Officer should review all authorisations at intervals determined by him/herself. A review date should always be set by the Authorising Officer. This should be as often as necessary and practicable (usually monthly). The reviews should be recorded using the review forms and copies of these sent to Information Compliance Team for monitoring and central recording.

Particular attention should be paid to the possibility of obtaining confidential information and an assessment as to the information gleaned should take place at each review.

If the directed surveillance authorisation provides for the surveillance of unidentified individuals whose identity is later established, the terms of the authorisation should be refined at review to include the identity of these individuals. It would be appropriate to call a review specifically for this purpose.

## 12. **Renewals**

Any authorised officer may renew an existing authorisation on the same terms as the original at any time before the original ceases to have effect. The renewal must then be approved by the Justice of the Peace in the same way the original authorisation was approved. The process outlined in paragraph 8.1.7 should be followed for renewals.

A CHIS authorisation must be thoroughly reviewed before it is renewed.

## 13. **Central Register of authorisations**

13.1 All authorities must maintain the following documents:

- Copy of the application and a copy of the authorisation form and the approval order from the Magistrates together with any supplementary documentation and notification of the approval given by the authorised officer;
- A record of the period over which the surveillance has taken place;
- The frequency of reviews prescribed by the authorising officer;
- A record of the result of each review of the authorisation;
- A copy of any renewal of an authorisation and supporting documentation submitted when the renewal was requested;
- The date and time when any instruction was given by the authorising officer (including an instruction to cease surveillance).

13.2 To comply with 13.1, the Information Compliance Team Leader holds the central register of all authorisations issued by officers of Nottingham City Council. The original of every authorisation, review, renewal and cancellation issued should be lodged immediately with the Information Compliance Team Leader. A copy should however be kept both by the applicant and Authorising Officer and any relevant review dates noted in their respective diaries. Any original authorisations and renewals taken to the Magistrates Court should be retained by the Council the Court must only keep copies of the authorisations or renewals.

13.3 The Council must also maintain a centrally retrievable record of the following information:

- type of authorisation;
- date the authorisation was given;
- date the approval order was given by the Justice of the Peace;
- name and rank/grade of the authorising officer;
- unique reference number of the investigation/operation;
- title (including brief description and names of the subjects) of the investigation/operation;
- details of renewal;
- dates of any approval order for renewal given by the Justice of the Peace;
- whether the investigation/operation is likely to result in obtaining confidential information;
- whether the authorisation was granted by an individual directly involved in the investigation ;
- date of cancellation.

These records will be retained for at least 3 years and will be available for inspection by the Office of Surveillance Commissioners.

#### **14. Retention of records**

All documents must be treated as strictly confidential and the Authorising Officer and the Local Authority must ensure that arrangements are in place for the secure retention, handling, storage and destruction of material obtained through the use of surveillance under RIPA. The Authorising Officers through the Information Compliance Team Officer must ensure compliance with the Council's Data Protection Policy, the UK General Data Protection Regulation 2016/679 and

the Data Protection Act 2018, RIPA and the RIPA Codes of Practice and any relevant practices relating to the handling or storage of materials.

## **15. Complaints procedure**

- 15.1 The Council will maintain the standards set out in this guidance and the Codes of Practice (**See Appendix B**). IPCO has responsibility for monitoring and reviewing the way the Council exercises the powers and duties conferred by RIPA.
- 15.2 Contravention of the UK General Data Protection Regulation 2016/679 and the Data Protection Act 2018 may be reported to Information Commissioners office (ICO). Before making such a reference, a complaint concerning a breach of this guidance should be made using the Council's own internal complaints procedure. To make a complaint about this type of matter please contact the Data Protection Officer, Nottingham City Council, Loxley House, Station Street, Nottingham NG2 3NG or telephone 0115 8764415.

# APPENDIX A

## Forms

See Home Office website:

<https://www.gov.uk/government/collections/ripa-forms--2>

# **APPENDIX B**

## **Codes of Practice**

See Home Office website:

<https://www.gov.uk/government/collections/ripa-codes>



# APPENDIX C

## **NCC Online Research and Investigation Policy**

See link:

[..\NCC RIPA Online Research and Investigation Policy V1 - final  
version.docx](#)

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## **Nottingham City Council -2024**

### **Guidance relating to Online Research and Investigation**

**This document is intended to provide guidance to Local Authority staff engaged in research and investigation across the internet, including social media.**

**If you would like any advice regarding the guidance provided in this document please contact the Data Protection Officer or the Information Compliance Team, Legal and Governance, Nottingham.**

This guidance for Online Research and Investigation is provided to assist staff members engaged in research and investigations that require the use of the internet. The document is circulated to promote good and consistent practices across the Local Authority.

This document must be considered together with the Covert Human Intelligence Sources code of practice 2022 and the Covert Surveillance and Property Interference code of practice 2018 (some sections have been referred to in this guidance).

It is important to emphasise that whether or not any RIPA authorisation is required by a Local Authority officer will depend on the precise circumstances of any particular case.

#### **Senior Responsible Officer:**

Beth Brown – Director of Legal and Governance

This guidance focuses on how the principles set out in legislation apply to the use of the internet, including social media, as an investigative tool. It does not replace statutory guidance. Each activity should be considered on a case by case basis.

Covert investigative techniques likely to interfere with a person's Article 8 rights should be used only when necessary and proportionate. Both the Regulation of Investigatory Powers Act (RIPA) and the UK General Data Protection Regulation (GDPR) 2016/679 and the Data Protection Act 2018 (DPA) provide a framework for ensuring that such action is lawful and in accordance with the European Convention of Human Rights (ECHR) and the Human Rights Act (HRA). RIPA Codes of Practice provide statutory guidance on the use of some of these techniques.

Online research and investigation is a powerful tool against crime. It also presents new challenges to law enforcement as the use of such a tool can still interfere with a person's right to respect for their private and family life which is enshrined in Article 8 of the Human Rights Act 1998 and ECHR.

Investigators working for Nottingham City Council must ensure that any interference with this right is:

- necessary for a specific and legitimate objective – such as preventing or detecting crime;
- proportionate to the objective in question;
- in accordance with the law.

Whenever you are using the internet to gather intelligence or evidence you must consider whether you are likely to interfere with a person's right to respect for their private and family life and, if so, whether you should seek authorisation under RIPA for your conduct. The principles in this guidance have been prepared to help you identify if such authorisation is appropriate.

It is also essential to consider the effect of any collateral intrusion on the private and family life of other people not directly connected with the subject of the research or investigation.

### **Case by case judgement is vital when researching or investigating online. Guiding Principles – Overview and operational risk considerations**

#### **Overview**

- Online communication via the internet has, in recent years, become the preferred method of communication with other individuals, within social groups or with anyone in the world with internet access. Such communication may involve web sites, social networks (e.g. Facebook), chat rooms, information networks (e.g. Twitter) and/or web based electronic mail.
- Just because other people may also be able to see it, does not necessarily mean that a person has no expectation of privacy in relation to information posted on the internet. Using covert techniques to observe, monitor and obtain private information can amount to an interference with a person's right to respect for their private and family life. Authorisation regimes, such as RIPA, must be considered although RIPA is not the only legislation which can render such interference lawful.
- **Any online research and investigation leaves a trace or 'footprint'**. A decision will therefore need to be made as to whether you wish to ensure that your research is non-attributable i.e. cannot be traced back the Local Authority or to identifiable individuals, or whether you are happy for it to be attributable i.e. capable of being traced back to the Local Authority.
- Non-attributable research and investigation must be carried out on equipment that cannot be attributed to the Local Authority or identifiable individuals, just as attributable research and investigation must be carried out on attributable equipment. Carrying out any attributable activity on non-attributable equipment runs the risk of compromising the equipment and any operational activity which has been conducted on it.
- It is recommended that attributable research and investigation is restricted to publicly accessible search areas e.g. maps, street views, local authority sites, auction sites, etc. and websites which have no requirement to register details in order to gain access.
- It is acknowledged that many officers and staff will have considerable experience of using the internet for their own personal online research. However managers should ensure that staff members carrying out online research and investigation for the Local Authority are both competent and appropriately trained.

## **Use of a false persona**

It is recognised that there will, for **covert** online research and investigation, be a requirement to create and use false persona accounts to gather information. The creation of a false persona for the purposes of online research and investigation is likely to require a RIPA.

A log, recording the time, date, user and the purpose, should be maintained for each use of a false persona.

The OSC procedures and guidance document 2014 (now IPCO) states at paragraph 288.3 “it is not unlawful for a member of the public authority to set up a false identity but it is inadvisable for a member of a public authority to do so for a covert purpose without an authorisation.

Using photographs of a person without their permission to support the false identity infringes other law.

- Most of the information available on the internet is available to any person with internet access, either freely or for payment. Such information is widely known as open source information.
- Viewing open source information, by attributable means, does not amount to obtaining private information because that information is publicly available. This is therefore unlikely to require authorisation under RIPA. However, the repetitive viewings of what are deemed to be open sources for the purposes of intelligence gathering or data collection may require an authorisation under RIPA and advice should be sought on individual cases.
- Recording, storing and using open source information in order to build up a profile of a person or a group of people must be both necessary and proportionate and, to ensure that any resultant interference with a person’s Article 8 right to respect for their private and family life is lawful, it must be retained and processed in accordance with the principles of the UK General Data Protection Regulation 2016/679 Data Protection Act 2018.

## **Open source** **Definitions**

- Open Source Research - The collection, evaluation and analysis of materials from sources available to the public, whether on payment or otherwise, to use as intelligence or evidence within investigations.
- Open Source Information - Publicly available information (i.e. any member of the public could lawfully obtain the information by request or observation). It includes books, journals, TV and radio broadcasts, newswires, internet WWW and newsgroups, mapping, imagery, photographs, commercial subscription databases and grey literature (conference proceedings and institute reports).

## **Restricted access information**

- Access to some of the information on the internet is restricted by its “owner”. A common form of such restriction is in social networks where a profile owner may use the privacy settings to restrict access to online “friends”.

- Viewing restricted access information covertly, will generally constitute covert surveillance and, as the information is not publicly available, it is likely that private information will be obtained. Authorisation as directed surveillance should be sought in these circumstances.
- Recording, storing and using restricted access information, in order to build up a profile of a person or a group of people must be both necessary and proportionate, and it must be retained and processed in accordance with the principles of the GDPR and DPA legislation.
- The initial interaction involved in the act of bypassing privacy controls (the sending and acceptance of a friend's request) may be minimal. In many cases it is considered unlikely that this, by itself, will meet the RIPA definition of a "relationship" and will not require authorisation as a Covert Human Intelligence Source (CHIS). However, much work may have had to be conducted to get to that stage without arousing suspicion. In addition, it may be difficult to predict how or at what pace that "relationship" will need to develop. If it is intended or considered likely that direct one to one interaction with another person will go beyond the initial request/acceptance it will be appropriate to seek authorisation as a CHIS. The creation of a false persona involving other "friends", which are also false, in order to effect the deception and secure the information effectively amounts to "legend building" in support of the CHIS.
- Considerations of the potential for any subsequent interaction, that would qualify as a "relationship", should be appropriately documented as part of the decision making process. This should include the reasons for any decision not to authorise the use of the undercover online Local Authority officer undertaking the activity as a CHIS and contingency provisions for authorisation if subsequently considered appropriate.
- Although this minimal initial interaction will not require authorisation as a CHIS it is considered good practice for friends' requests to be sent by a trained undercover Local Authority officer.

## **The Law – Overview**

Online research and investigation techniques may impact on all or any of the following:

- Human Rights Act 1998 / European Convention on Human Rights
- Regulation of Investigatory Powers Act 2000 - Part II – Surveillance and Covert Human Intelligence Source
- Investigatory Powers Act 2018
- Computer Misuse Act 1990
- UK General Data Protection Regulation 2016/679 and the
- Data Protection Act 2018

## **Human Rights Act / European Convention on Human Rights**

Both of these provide a number of fundamental rights which are central to all actions of law enforcement.

The right most likely to be engaged by officers and staff undertaking online research and investigation is Article 8 which states:

### **8.1**

*Everyone has the right to respect for his private and family life, his home and his correspondence.*

### **8.2**

*There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals or for the protection of the rights and freedoms of others.*

Ensuring that RIPA authorisations are sought, where necessary, and that the material obtained is retained and processed in accordance with the provisions of the Data Protection Act should provide the lawful authority required by Article 8.2 for any perceived interference with Article 8.1.

## **Directed Surveillance**

Under section 26(2) of RIPA, surveillance is ‘directed’ if it is covert but not intrusive and is undertaken

- **for the purposes of a specific investigation or a specific operation; and**
- **is likely to result in the obtaining of private information about a person; and**
- **is otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under RIPA Part II to be sought for the carrying out of the surveillance.**

The likelihood of obtaining private information will be one of the determining factors when considering whether authorisation as directed surveillance is appropriate.

## **Private Information**

**Private Information is information relating to a person's private or family life. It can include any aspect of a person's relationships with others, including professional or business relationships.**

A person may have a reduced expectation of privacy when in a public place. But covert surveillance of their activities in public may still result in the obtaining of private information.

This principle applies equally to the online world, including social media sites, where access controls set by the owner of the information may be a determining factor in considering whether information posted on the internet is publicly available or whether, by applying the access controls, the owner has removed the information from a wholly public space to a more private space where the information could be considered private.

## **Covert Human Intelligence Source (CHIS)**

Under section 26(8) of RIPA, a person is a CHIS if he establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything below:

- **he covertly uses such a relationship to obtain information or to provide access to any information to another person; or**
- **he covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.**

The making and acceptance of a friend's request may constitute some interaction with a person; however it is minimal and is unlikely to satisfy the definition of a relationship. Authorisation as a CHIS need only be sought when it is anticipated that the relationship will be developed beyond this initial contact.

## **Computer Misuse Act 1990**

Sections 1-3 of the Computer Misuse Act 1990 introduced three criminal offences:

- **unauthorised access to computer material;**
- **unauthorised access with intent to commit or facilitate commission of further offences; and**
- **unauthorised modification of computer material.**

The basic offence is to attempt or achieve access to a computer or the data it stores, by inducing a computer to perform any function with intent to secure access. The precondition to liability is to be aware that the access attempted is unauthorised. Thus the following activities may constitute the offence:

- **to use another person's username and password without lawful authority or consent to access data or a program;**
- **to alter, delete, copy or move a program or data;**
- **to impersonate that other person using e-mail, on line chat or other web based services.**



## **Retention and processing of information. UK General Data Protection Regulation 2016/679 and the Data Protection Act 2018 and other relevant legislation / guidance**

The UK GDPR and the DPA deals with how material obtained must be handled. The Data Protection guiding principles are that personal data must be processed fairly and lawfully, must not be processed in a manner that is not compatible with the purpose for which it was obtained, must be relevant and adequate but not excessive and must not be kept longer than is required.

Much of the information gathered by online research and investigation will meet the definition of personal data. Case law has established that the processing of personal data is capable of interfering with a person's Article 8 right to respect for their private and family life, irrespective of whether the information was obtained under the authority of RIPA or otherwise.

For any interference with a person's Article 8 rights resulting from the processing of such information to be in accordance with the law, as required by Article 8.2, it is therefore essential that all information so obtained is processed in accordance with the principles of the UK GDPR and DPA.

Please refer to the Nottingham City Council's Data Protection Act policy and Guidance for further information.

The retention of material obtained in a criminal investigation is also subject to the provisions of the Criminal Procedure and Investigations Act 1996 and its associated Code of Practice. This Act sets out a number of statutory criteria for the handling and retention of such material.

### **Covert Surveillance and Property Interference Code of practice – 2018 – Online Covert Activity Page 18.**

3.10 The growth of the internet, and the extent of the information that is now available online, presents new opportunities for public authorities to view or gather information which may assist them in preventing or detecting crime or carrying out other statutory functions, as well as in understanding and engaging with the public they serve. It is important that public authorities are able to make full and lawful use of this information for their statutory purposes. Much of it can be accessed without the need for RIPA authorisation; use of the internet prior to an investigation should not normally engage privacy considerations. But if the study of an individual's online presence becomes persistent, or where material obtained from any check is to be extracted and recorded and may engage privacy considerations, RIPA authorisations may need to be considered. The following guidance is intended to assist public authorities in identifying when such authorisations may be appropriate.

3.11 The internet may be used for intelligence gathering and/or as a surveillance tool. Where online monitoring or investigation is conducted covertly for the purpose of a specific investigation or operation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance should be considered, as set out elsewhere in this code. Where a person acting on behalf of a public authority is intending to engage with others online without disclosing his or her identity, a CHIS authorisation may be needed (paragraphs 4.10 to 4.16 of the Covert Human Intelligence Sources code of practice provide detail on where a CHIS authorisation may be available for online activity).

3.12 In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, where a public authority has taken reasonable steps to inform the public or particular individuals that the surveillance is or may be taking place, the activity may be regarded as overt and a directed surveillance authorisation will not normally be available.

3.13 As set out in paragraph 3.14 below, depending on the nature of the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available within the public domain, however in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether a user of a website or social media platform has sought to protect such information by restricting its access by activating privacy settings.

3.14 Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy in relation to that information.

3.15 Whether a public authority interferes with a person's private life includes a consideration of the nature of the public authority's activity in relation to that information. Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where a public authority is systematically collecting and recording information about a particular person or group, a directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online.

**Example 1:** *A police officer undertakes a simple internet search on a name, address or telephone number to find out whether a subject of interest has an online presence. This is unlikely to need an authorisation. However, if having found an individual's social media profile or identity, it is decided to monitor it or extract information from it for retention in a record because it is relevant to an investigation or operation, authorisation should then be considered.*

**Example 2:** *A customs officer makes an initial examination of an individual's online profile to establish whether they are of relevance to an investigation. This is unlikely to need an authorisation. However, if during that visit it is intended to extract and record information to establish a profile including information such as identity, pattern of life, habits, intentions or associations, it may be advisable to have in place an authorisation even for that single visit. (As set out in the following paragraph, the purpose of the visit may be relevant as to whether an authorisation should be sought.)*

**Example 3:** *A public authority undertakes general monitoring of the internet in circumstances where it is not part of a specific, ongoing investigation or 20 should be sought for accessing information on a website as part of a covert investigation*

or operation, it is necessary to look at the intended purpose and scope of the online activity it is proposed to undertake. Factors that should be considered in establishing whether a directed surveillance authorisation is required include:

3.16 In order to determine whether a directed surveillance authorisation should be sought for accessing information on a website as part of a covert investigation or operation, it is necessary to look at the intended purpose and scope of the online activity it is proposed to undertake. Factors that should be considered in establishing whether a directed surveillance authorisation is required include:

- Whether the investigation or research is directed towards an individual or organisation;
- Whether it is likely to result in obtaining private information about a person or group of people (taking account of the guidance at paragraph 3.6 above);
- Whether it is likely to involve visiting internet sites to build up an intelligence picture or profile;
- Whether the information obtained will be recorded and retained;
- Whether the information is likely to provide an observer with a pattern of lifestyle;
- Whether the information is being combined with other sources of information or intelligence, which amounts to information relating to a person's private life;
- Whether the investigation or research is part of an ongoing piece of work involving repeated viewing of the subject(s);
- Whether it is likely to involve identifying and recording information about third parties, such as friends and family members of the subject of interest, or information posted by third parties, that may include private information and therefore constitute collateral intrusion into the privacy of these third parties.

3.17 Internet searches carried out by a third party on behalf of a public authority, or with the use of a search tool, may still require a directed surveillance authorisation (see paragraph 4.32).

**Example:** *Researchers within a public authority using automated monitoring tools to search for common terminology used online for illegal purposes will not normally require a directed surveillance authorisation. Similarly, general analysis of data by public authorities either directly or through a third party for predictive purposes (e.g. identifying crime hotspots or analysing trends) is not usually directed surveillance. In such cases, the focus on individuals or groups is likely to be sufficiently cursory that it would not meet the definition of surveillance. But officers should be aware of the possibility that the broad thematic research may evolve, and that authorisation may be appropriate at the point where it begins to focus on specific individuals or groups.*

4.11 *Any member of a public authority, or person acting on their behalf, who conducts activity on the internet in such a way that they may interact with others, whether by publicly open websites such as an online news and social networking service, or more private exchanges such as e-messaging sites, in circumstances where the other parties could not reasonably be expected to know their true identity<sup>12</sup>, should consider whether the activity requires a CHIS authorisation. A directed surveillance authorisation should also be considered, unless the acquisition of that information is or will be covered by the terms of an applicable CHIS authorisation.*

## **Covert Human Intelligence Source Code of practice 2022**

### **Online Covert Activity**

4.30 *Where someone, such as an employee or member of the public, is tasked by a public authority to use an internet profile to establish or maintain a relationship with a subject of interest for a covert purpose, or otherwise undertakes such activity on behalf of the public*

authority, in order to obtain or provide access to information, a CHIS authorisation is likely to be required. For example:

- An investigator using the internet to engage with a subject of interest at the start of an operation, in order to ascertain information or facilitate a meeting in person.
- Directing a member of the public (such as a CHIS) to use their own or another internet profile to establish or maintain a relationship with a subject of interest for a covert purpose.
- Joining chat rooms with a view to interacting with a criminal group in order to obtain information about their criminal activities.

4.31 A CHIS authorisation will not always be appropriate or necessary for online investigation or research. Some websites require a user to register providing personal identifiers (such as name and phone number) before access to the site will be permitted. Where a member of a public authority sets up a false identity for this purpose, this does not in itself amount to establishing a relationship, and a CHIS authorisation would not immediately be required, though consideration should be given to the need for a directed surveillance authorisation if the conduct is likely to result in the acquisition of private information, and the other relevant criteria are met.

**Example 1:** An HMRC officer intends to make a one-off online test purchase of an item on an auction site, to investigate intelligence that the true value of the goods is not being declared for tax purposes. The officer concludes the purchase and does not correspond privately with the seller or leave feedback on the site. No covert relationship is formed and a CHIS authorisation need not be sought.

**Example 2:** HMRC task a member of the public to purchase goods from a number of websites to obtain information about the identity of the seller, country of origin of the goods and banking arrangements. The individual is required to engage with the seller as necessary to complete the purchases. The deployment should be covered by a CHIS authorisation because of the intention to establish a relationship for covert purposes.

4.32 Where a website or social media account requires a minimal level of interaction, such as sending or receiving a friend request before access is permitted, this may not in itself amount to establishing a relationship. Equally, the use of electronic gestures such as “like” or “follow” to react to information posted by others online would not in itself constitute forming a relationship. However, it should be borne in mind that entering a website or responding on these terms may lead to further interaction with other users and a CHIS authorisation should be obtained if it is intended for an officer of a public authority or a CHIS to engage in such interaction to obtain, provide access to or disclose information.

**Example 1:** An officer maintains a false persona, unconnected to law enforcement, on social media sites in order to facilitate future operational research or investigation. As part of the legend building activity he “follows” a variety of people and entities and “likes” occasional posts without engaging further. No relationship is formed and no CHIS authorisation is needed.

**Example 2:** The officer sends a request to join a closed group known to be administered by a subject of interest, connected to a specific investigation. A directed surveillance authorisation would be needed to cover the proposed covert monitoring of the site. Once accepted into the group it becomes apparent that further interaction is necessary. This should be authorised by means of a CHIS authorisation.

*4.33 When engaging in conduct as a CHIS, a member of a public authority should not adopt the identity of a person known, or likely to be known, to the subject of interest or users of the site without considering the need for authorisation. Full consideration should be given to the potential risks posed by that activity.*

*4.34 Where use of the internet is part of the tasking of a CHIS, the risk assessment carried out in accordance with paragraphs 7.15 to 7.21 of this code should include consideration of the risks arising from that online activity including factors such as the length of time spent online and the material to which the CHIS may be exposed. This should also take account of any disparity between the technical skills of the CHIS and those of the handler or authorising officer, and the extent to which this may impact on the effectiveness of oversight.*

*4.35 Where it is intended that more than one officer will share the same online persona, each officer should be clearly identifiable within the overarching authorisation for that operation, providing clear information about the conduct required of each officer and including risk assessments in relation to each officer involved. (See also paragraphs 3.32 to 3.36).*

### **Using the Internet for Investigative Purposes**

1. Staff using the internet for investigative purposes **must not** use their own personal devices (PC, laptop, tablet, smart phone etc.) as a means of accessing the internet. It is important to bear in mind that all internet activity leaves a footprint. Websites routinely gather IP addresses and in some cases use data trawling software to gather more intrusive information from the device used, which is then potentially traceable.
2. Staff must not, under any circumstances, use their own personal Social Networking Sites (SNS) profiles or other online accounts to undertake investigative research. There have been cases where such practices have resulted in the safety of officers and their families being seriously compromised.
3. In order that the Local Authority can effectively manage online overt and covert profiles/accounts i.e. SNS profiles, Auction Site accounts, email accounts etc., which have been created for investigative purposes using false details, details of the investigation must be entered in a Local Authority log.
4. If a Local Authority officer wishes to look at a SNS site covertly i.e. by setting up false identity they should use a Nottingham City Council computer and use a Nottingham City Council social networking account. Any monitoring of SNS accounts should be recorded in a log.
5. When setting up a covert online account staff must not adopt the identity of a person known, or likely to be known, to the subject of interest or users of the site.
6. It should be noted that the viewing of open source material via the internet, by overt means, will not usually amount to obtaining private information as the material is publicly available. It is therefore unlikely that activity of this nature will require an authorisation under RIPA, unless there are repeated viewings, in which case legal advice should be sought.

7. Staff engaged in open source SNS research must not attempt to defeat privacy settings by submitting friend's requests to subjects in order to gain access to the information held in the private areas of their profiles. Such activity, dependent on the objective, would require at least a directed surveillance authority (DSA) and may require a CHIS authority if any form of interaction is required. Advice should be sought from Legal/ Information compliance if there is a need to deploy this tactic.
8. Staff with access to covert SNS profiles must not befriend other SNS users in order to build the credibility of their profiles. Such enhancements are not necessary for open source research as a covert profile will only become visible if some form of interaction takes place i.e. a friend's request is submitted. Furthermore, it is important to bear in mind that such activity would represent a breach of the ECHR as it effectively enables the Local Authority to access the personal information of unsuspecting SNS users without the necessary justification.
9. Staff conducting open source research must not engage in any form of interaction with other internet users irrespective of the forum i.e. any form of instant messaging, email etc.
10. The Covert Surveillance and Property Interference code of practice 2018 and the Covert Human Intelligence Sources Code of practice - 2022 should be adhered to when carrying out criminal investigations on the internet.

**Advice should be sought from Legal and Governance as to whether a RIPA authorisation is required.**

<b>Subject:</b>	Acceptance and expenditure of Green’s Windmill MEND fund grant for the Nottingham City Museum Service
<b>Corporate Director(s)/Director(s):</b>	Colin Parr, Corporate Director for Community, environment and Residents Services
<b>Executive Member(s):</b>	Councillor Sam Lux, Executive Member for Carbon Reduction, Leisure and Culture
<b>Report author and contact details:</b>	Rachael Evans, Museums Development Manager
<b>Other colleagues who have provided input:</b>	
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
(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	
<b>and/or</b>	
(b)    Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date: 8 <sup>th</sup> May 2024	
<b>Total value of the decision: £761,227</b>	
<b>Section 151 Officer expenditure approval</b>	
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 approval will be sought during the first 8 months of the project when the NCC procurement process is followed to tender for the professional team and main contractor.	
Spend Control Board approval reference number: N/a	
<b>Commissioner Consideration</b>	
Has this report been shared with the Commissioners’ Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Any comments the Commissioners wish to provide are listed below.	
<b>Wards affected: All</b>	
<b>Date of consultation with Executive Member(s): 20<sup>th</sup> May 2024</b>	
<b>Relevant Council Plan Key Outcome:</b>	
Clean, Green and Connected Communities	<input checked="" 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"/>
Serving People Well	<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
Proposals are being made to:	
<ul style="list-style-type: none"> <li>• Agree total project costs of £761,227 to deliver a programme of urgent repairs at Green’s Windmill over the next three years.</li> </ul>	

- Accept a secured grant of £685,104 from the Arts Council England Museum Estate and Development Fund (MEND) and enter into a 15-year grant funding agreement with the Arts Council.
- To commit confirmed partnership funding of £76,123 towards the total project costs, funded from earmarked reserves totalling £40,000 and Arts Council England National Portfolio Organisation grant funding 2024-2026 of £36,123.
- To approve the expenditure of the grant and partnership funding against the programme of urgent repairs.

Green's Mill is a Grade 2 listed building. The programme of urgent repairs to make the building wind and watertight is essential to protect the building, collections, staff and visitors and fulfils a statutory duty of compliance.

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

**Recommendation(s):**

- 1 To accept Grant funding of £685,104 for the Arts Council England for the programme of repairs at Green's Mill and to approve expenditure totalling £761,227 (£685,104 grant and £76,123 match funding) on the programme of repairs (subject to s151 approval being obtained prior to spend).**
- 2 To delegate authority to the Corporate Director/ Director of Sports & Culture/ Director of Legal Services to enter into a Funding Agreement with Arts Council England [ACE] including a Deed of Covenant restricting the title of Green's Mill for a period of 15 years, without prior consent of ACE.**
- 3 To delegate authority to the Director of Sports & Culture to procure, award and enter into contracts with suppliers required to deliver the programme, and enter into appropriate agreements with the Green's Mill Trust (subject to prior consent of ACE where applicable).**
- 4 To approve the replenishment of the Council's match funding requirements [earmarked reserves] from donations and additional fundraising.**
- 5 To note the funding is subject to a commitment to ensure that Green's Mill remains a non-National accredited museum on completion of the repairs for the period for the Funding Agreement.**
- 6 To incept the Green's Mill project in the General Fund Capital Programme with the capital budget increased as detailed in the report.**

**1. Reasons for recommendations**



- 1.1 The backlog of repairs to Green's Windmill (because most working parts of the Mill are at least 35 years old and exposed to the elements) has meant this working site has deteriorated and is very much at risk.
- 1.2 Deterioration of the mechanics and fabric of the fan-tail and sail frame became such a risk to staff and visitors that they have been removed and as a result milling is limited.
- 1.3 Repairs to machinery, roofs, rainwater goods and windows are a key priority as outlined in the site's condition report completed in March 2023 in order to make the building wind and watertight.
- 1.4 Repairs to Green's Windmill will ensure it can remain open to the public.
- 1.5 Funding has already been secured to deliver the programme of repairs.

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

### 2.1 The Site:

Green's Windmill (Grade 2 listed building) and Science Discovery Centre is one of Nottingham's most cherished heritage sites and is one of only a handful of city-central working windmills remaining in the UK. Greens Mill was built in 1807 by Mr Green. His son, George Green (inventor of Green's Theorem) inherited the Mill but after his death in 1841 it fell rapidly into disrepair. Acquired by the City Council, in 1985 it was restored as a working Windmill along with a Science Centre where visitors discover the importance of George Green. However, due to deterioration, the sails were removed in 2022. The activity focuses on repairing the sails, cap, stock, clamps, fantail, machinery, buildings' timber, brickwork and roofs.

### 2.2 Visitor Figures:

Green's Windmill is open, free entry, 5 days a week. It engages over 20,000 visitors, delivers over 140 events per year and engages a wide community of volunteers who dedicate over 4000 hours annually to the running of the site.

### 2.3 Operational Control:

Operational control is still maintained by the Service and all major repairs are met by the City Council, but the Green's Windmill Trust [Company Limited by Guarantee] makes a significant contribution to the annual running cost of the site and have engaged a project co-ordinator and Miller's Apprentice to support the long-term sustainability of the mill alongside the Council salaried Miller's post. A joint officer and Trust working group meets regularly to review progress. A rolling operational agreement is in place between the Trust and Nottingham City Council. Currently the terms for the new agreement are being negotiated with the Trust. Funders, Arts Council England have been consulted and are satisfied with the current operational arrangement.

### 2.4 Income Generation:

Green's Windmill is free entry and income is made through special events, activities, tours and through the commercial offer of milled flour on-site. However, since the removal of the sail frame milling by wind power has ceased and a minimal amount of flour is milled by electricity. The programme of repairs will ensure the sail frame can be repaired, reinstating the site as a working windmill enabling the site to remain open, risk free, to the public.

### 2.5 Condition Survey:

Green's Windmill Condition Survey was updated in March 2023 by The Morton Partnership and a programme was developed identifying priority areas for repair including machinery and structural repairs. The programme ensures the building is wind and watertight and can function as a working windmill. It is noted in the survey that these priority areas must be repaired within the MEND fund timeframe, therefore within 3 years.

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

- 3.1 The principal alternative option would be to do nothing. This will mean the mill building and machinery will continue to deteriorate due to ingress putting staff, visitors, the building and collections at severe risk.

### **4. Consideration of Risk**

- 4.1 Due to the compact nature of the site and need for temporary roofing a phased approach, though considered, is not appropriate for this programme of repairs. However the spending plan includes £159,467 contingency for the possible impact of inflation during the period of works and possible cost over-runs mitigating risk. The project manager will also closely monitor the expenditure to identify possible cost pressures and if necessary stop works to avoid an overspend position.
- 4.2 Not delivering the programme of repairs within the funding agreement timeframe may result in the grant funding being returned and the site remaining at risk. Mitigated by a programme of repairs which includes a substantial time contingency in the event of any delays. The main contractor will be appointed promptly to enable a substantial lead in time for ordering materials and specialist parts for the mill machinery.

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

- 5.1 The programme of repairs at Green's Mill will positively improve the service and site for Nottingham's communities.
- 5.2 The grant funded programme is Best Value economically. The repairs to the Grade 2 listed site are a priority to remain statutory compliant. Minimal Council resources are required to secure the 90% grant funding. The remaining 10% will be sourced from external fundraising including donations.

### **6. Commissioner comments**

- 6.1 Commissioners are content with this report

### **7. Finance colleague comments (including implications and value for money/VAT)**

- 7.1 This decision seeks approval for expenditure for a programme of urgent repairs at Green's Windmill totalling £761,227. This expenditure will be resourced from Arts Council England Museums Estate and Development (MEND) Fund confirmed grant funding £685,104 and £76,123 match funding. The match funding will be resourced from earmarked reserves totalling £40,000 and Arts Council England National Portfolio Organisation [ACE NPO] grant funding 2024-2026 of £36,123. ACE NPO 2023-2026 grant funding expenditure has been

approved at a previous Executive Board [July 2023]. Additional fundraising will be undertaken across the course of the project to replenish the earmarked reserves.

7.2 The Capital Board meeting held on 8 May agreed for this project to proceed based on the funding arrangements outlined above.

7.3 The Arts Council England MEND grant has been awarded specifically for this project as outlined in the grant award letter and conditions. As a result, the grant will be treated as ring-fenced for this project, as any unspent grant must be returned by the Council. The Head of Service for Culture and Libraries will need to put measures in place to ensure compliance to the grant award conditions to avoid possible clawback of grant.

7.4 Subject to approval of this report, the Council's capital programme will need to be updated to include the Green's Mill programme of repairs. With the project budget forecast as follows:

<b>Table 1: Forecasted Expenditure by Financial Year</b>					
	<b>2024/25</b>	<b>2025/26</b>	<b>2025/26</b>	<b>2026/27</b>	<b>TOTAL</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Forecasted Expenditure	0.205	0.245	0.235	0.076	0.761

7.5 The Council is making a VAT exempt supply of a right to occupy land in exchange for consideration, so therefore the input VAT incurred on the capital expenditure will need to be included in the Council's Partial Exemption calculation.

7.6 If the Council were to opt to tax the site to make the supply subject to VAT, this could be disapplied by the Trust as the site is being used for charitable purposes or by anti-avoidance regulations if the Trust did any fund raising towards the scheme so this is not considered to be a viable option.

7.7 Therefore, the Council will need to take steps to manage and mitigate this risk and avoid significant irrecoverable VAT costs in the event of a breach.

7.8 The Council has processes in place to monitor its Partial Exemption position which will enable it to identify if a breach is likely and put in place mitigating actions to ensure that no irrecoverable VAT costs are incurred.

7.9 These mitigating actions would include managing the phasing of some schemes within the capital program or changing the delivery of some ongoing activities.

7.10 There are a number of schemes within the capital program that are affected by this issue, this therefore reduces the scope of the Council to undertake expenditure on other assets that are used to generate VAT exempt income in the medium term.

Maria Balchin, Senior Commercial Business Partner  
 Thomas Straw, Senior Accountant (Capital Programmes)  
 Gary Robbins, Senior Accountant (Tax)  
 17.05.2024

## 8. Legal colleague comments

- 8.1 Sections 12 -15 of the Public Libraries and Museums Act 1964 (the 1964 Act') provide local authorities with powers to maintain museums and art galleries. Section 12 specifically enables a local authority to provide and maintain museums and art galleries within its administrative area or elsewhere in England and Wales and gives local authorities the power to do all such things as may be necessary or expedient in connection with the provision or maintenance of such museums or art galleries.

Under section 14 of the 1964 Act a local authority may make contributions towards expense incurred by any person—

- (a) in providing or maintaining a museum or art gallery in any place within England or Wales, or
- (b) in providing advisory or other services or financial assistance for the benefit of a museum or art gallery in any such place.

This decision directly concerns the Local Authority in the exercise of the above powers in that it seeks to approve the taking of several steps that are necessary and expedient in connection with the provision of the Green's Mill Museum, including entering into a grant Funding Agreement for the acceptance of a restricted grant with the Arts Council for England and in a making a financial commitment to provide match "partner funding", towards the Agreed Capital Project Plan (as per MEND-00643364-R3 Offer Letter dated 14.03.2024)) for the benefit of the Green's Mill Museum.

The Funding Agreement with Arts Council England comprises:

1. Arts Council England's Standard Terms and Conditions – Museums Estate and Development Fund ('Terms and Conditions'),
2. the Additional Conditions and the Monitoring Schedule and Payment Conditions.
3. The Offer Letter and Schedule 1 (Agreed Capital Project Plan) and 2 (Payment Schedule)

Security for the grant is required under the Terms and Conditions as follows:

- Deed of covenant between Nottingham City Council and Arts Council England with restriction on title over the freehold of the Project Asset for a period of 15 years\*;
- Solicitors undertaking to register the restriction at the Land Registry within 28 days; and
- Provision of Certificate of Title\* and Cabinet approval or equivalent for the acceptance of the grant on the terms and conditions provided and delivery of the Agreed Project.

\*Specific legal advice on these aspects is provided below.

Upon entering the Funding Agreement with the Arts Council, the Council will be committing Greens Mill Science Centre Windmill Lane, as the Project Asset, to be used as a non-National Accredited Museum after completion of the Agreed Project for the period set out in the terms and conditions i.e. 15 years (written confirmation of this is a condition precedent for payment of the initial grant instalment of £205,531.00).

It should be noted that the Funding Agreement contains a number of notable other conditions that the Council will be committing to when entering the agreement, which failure to comply with would put the Council in breach of the agreement and at risk of claw back of the grant funding.

The grant will be received in instalments as set out in schedule 2, subject to ACE receiving and approving any additional monitoring information and payment conditions. Instalments 1 and 4 are in fixed amounts as set out in schedule 2. Instalments, 2 and 3 are indicative and can be drawn down in line with project progress and expenditure incurred. Payment of instalment 1 is subject to the Council providing evidence of 5% local authority match funding having been received, alongside provision to ACE of the audited accounts for the last financial year (evidence of the remaining balance of match finding must be provided as a condition precedent for the release of instalment 3).

When procuring goods, works or services that are funded in whole or in part by the Grant the Council must

- have appropriate policies and procedures for obtaining quotes or competitive tendering in place for purchasing any goods, works or services costing more **than £12,000 (including VAT)** over the whole life of the contract, including any extensions (irrespective of how likely it is that they will be exercised).
- in procuring contracts for works of services, comply with the Public Contracts Regulations 2015 (as amended or replaced from time to time) (“PCR”) or the Procurement Act 2023 (PA 2023) as applicable. Any procurement activity that commences after the PA 2023 comes into force will be governed by the PA 2023 and not the PCR.

The Council must otherwise ensure it acts in compliance with its Contract Procedure Rules in relation to the procurement and award of relevant contracts for works and services associated with the Agreed Project.

By entering the Funding Agreement, the Council will at Clause 6.17 be acknowledging that *“the grant comes from public funds and confirm that the support provided is compliant with the Subsidy Control Regime”*. The Council is therefore advised to undertake its own assessment of applicability and compliance with the Subsidy Control Act 2022 prior to entering the Funding Agreement and must also ensure that in its use of the grant funding that it complies with the Subsidy Control Regime. In the event that it is deemed by a competent court or other regulatory authority to be non-compliant with the Subsidy Control Regime, the Council will be agreeing to repay the entire grant (and any other sums due) immediately, under the Funding Agreement terms.

Notwithstanding the specific Security (Clause 8) and Land Legal requirements (Clause 9), the Council must under clause 10 seek ACE prior written consent if it wishes to sell, let, sub-let or otherwise deal with or dispose of the Project Asset(s) within fifteen (15) years from the date of the Funding Agreement at this grant funding level. Although, the report author has indicated a new SLA and licence agreement are being negotiated with the Trust and that ACE are satisfied with the current operational arrangements, the Council should ensure formal prior written consent of ACE is obtained prior to any dealing with the property being finalised, including a new licence, (noting that ACE is not contractually bound to provide such consent). To that end, the Council should also ensure in its decision making that officers have in place appropriate delegated authority to negotiate,

agree and commit the Council to a licence and SLA in favour of Greens Mill Trust, subject to such consent being given.

Richard Bines, Solicitor, Contract and Commercial Team, Legal Services  
20.05.2024.

- 8.2 It is outside the legal department's experience to comment on whether the amount of funding is sufficient or whether the organisation providing the grant is suitable.

The funding agreement is not a disposal of property that would trigger any s123/best consideration requirements.

A condition of receiving the grant is that the council must obtain the funder's consent to any disposal of the property (essentially any transaction involving the property) for 15 years from the date of the grant. The information from the funder does not describe any criteria for the funder to grant or withhold its consent meaning the funder appears to have total discretion in deciding whether to give its consent. I understand the funder has agreed that, if required, a lease may be granted to the trust which operates the windmill but the funder is not contractually bound to provide its consent to this or any other transaction. You must consider whether this restriction would be unduly restrictive or jeopardise any possible dealings with the property in the next 15 years.

The logical conclusion is that purpose of the restriction is to secure repayment of the grant if the council disposes of the property within 15 years of the grant being made. However, the funder is unable to provide any details of its policy for repayment of grant funds so it is unclear whether the grant would have to be repaid in full or on a decreasing scale over time. The funder has indicated in separate correspondence that it does not have a clear policy and would exercise discretion depending on the circumstances of the disposal. You should consider whether this uncertainty could restrict or prevent the council being able to deal with the property.

If the council requires certainty from the funder it could seek to amend the terms to provide necessary clarity. The funder may only provide funding on its standard terms but that is not currently known.

The funder requires a certificate of title in respect of the property in its standard form. A quick review does not identify any particular concerns for the council to provide this report but it has not been submitted to the funder and is subject to any further comments or enquiries the funder may raise.

James Christian, Senior Solicitor, Conveyancing Team, Legal Services  
20.05.2024

## 9. **Other relevant comments**

- 9.1 Procurement comments: Suitable consultants & contractor will be procured in compliance with Contract Procedure Rules to carry out the repairs. As this is grant funded work, savings from a procurement exercise may not be allocated in respect of the Council's corporate savings target for procurement but will be returned to the funder or reallocated within this programme.

Jonathan Whitmarsh, Lead Procurement Officer, Procurement & Contracting

- 9.2 Conservation comments: Green's Mill is a highly significant Grade II listed building and is integral to the character and appearance of the city's views. The restoration of this mill is a key target with the city's Heritage Action Plan 2023-25. The building was first listed in 1972 on account of its architectural design and historical associations.

It was built in 1807 by Mr Green, a local baker, who later built a family home immediately adjacent at Green's Mill House (also Grade II listed). The mill was briefly targeted during the 1831 Reform Bill Riots and Mr Green's son, George, became a notable mathematician whose theorem is still used by scientists and engineers all over the world. The mill ceased to work in 1862 with technological developments that negated the need for wind power, and in 1947 a disastrous fire left only the brick tower standing. In the 1985 the mill was restored following a committed campaign by conservationists. Functioning as a key tourist destination and local science museum it has since played an important part of the city's cultural and educational offer, particularly with regard to its functioning as a working mill producing domestic flour.

Architecturally the building is a brick round tower with various sensitively renewed timber fittings, such as Yorkshire sliding sash windows, circular wooden gallery, ogee wooden cap with finial and fantail. Internally the working machinery was reinstated from other mills.

At the summit of Windmill Hill, the views of the mill are considered as strategically important in local planning policy documents, such as within the Nottingham Urban Design Guide and Wasterside SPD. Green's mill is one of few examples in Britain of surviving windmills within a city environment. The other examples being Lincoln and Norwich.

- 9.3 Given the scale of the intended works outlined in the structural survey this application will require an application for Listed Building Consent. Proposals should be carried on a like-for-like basis with little or no significant changes to its material structure or overall appearance, unless justified with public benefits that outweigh the harm caused. It is recommended that a reputable heritage consultancy is consulted to ensure a rigorous application.
- 9.4 If the works are not carried out in the immediate future then this will have negative impact upon the heritage of the city, its local cultural and educational offer, the working aspect of the mill, the production of domestic flour and various views of the city. Green's Mill is also positioned within a deprived area of the city and its continued deterioration will adversely affect those who are most in need of cultural, community and education services.

Chris Matthews, NCC Conservation Officer  
24.04.2024

## 10. **Crime and Disorder Implications (If Applicable)**

10.1 N/a

## 11. **Social value considerations (If Applicable)**

11.1 Social value will be taken into consideration during the procurement process for contractors.

## 12. **Regard to the NHS Constitution (If Applicable)**

12.1 Green's Windmill plays an important role in connecting people and nature with the community gardens. There is clear evidence that contact with nature has positive effects on people's physical and mental health.

12.2 Contact with nature has been shown to have lots of positive effects on people's health and fitness, lowering blood pressure and reducing recovery times from illness. It helps people cope with stress and maintain concentration, to have a positive outlook and to generally feel satisfied with life. (Natural England 2012)

12.3 Green's Windmill will help support the Nottingham Health and Well-being strategy action plan.

## 13. **Equality Impact Assessment (EIA)**

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

No   
An EIA is not required at this stage. The Equalities and Diversity Team has a representative on the Museums Service Oversight Board and there will be full consultation at each stage to ensure there is access for all.

Yes

## 14. **Data Protection Impact Assessment (DPIA)**

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

No   
A DPIA is not required because data will not be collected.

Yes

## 15. **Carbon Impact Assessment (CIA)**

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

No   
A CIA is not required because at tendering stage for the Main Contractor the published tender will require responses to submit a Carbon Reduction Plan.

Yes

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

16.1 N/a

## 17. **Published documents referred to in this report**



17.1 N/a

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<b>Subject:</b>	<b>The Disposal of Investment Property Assets from the Property Trading Account</b>
<b>Corporate Director(s)/Director(s):</b>	Sajeeda Rose - Corporate Director for Growth & City Development
<b>Executive Member(s):</b>	Cllr Ethan Radford- Executive Member for Skills, Growth, Economic Development and Property
<b>Report author and contact details:</b>	Paul James – Disposals Surveyor- Corporate Landlord Services – Growth & City Development- Strategic Assets & Property <a href="mailto:Paul.James@nottinghamcity.gov.uk">Paul.James@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Christopher Cocks – Disposals Surveyor - <a href="mailto:christopher.cocks@nottinghamcity.gov.uk">christopher.cocks@nottinghamcity.gov.uk</a>
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(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	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input type="checkbox"/> Capital - <b>N/A</b> If Capital, provide the date considered by Capital Board Date: - <b>N/A</b>	
<b>Total value of the decision:</b> Exempt from Publication	
<b>Section 151 Officer expenditure approval</b> Has the spend been approved by the Section 151 Officer? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/a	
<b>Commissioner Consideration</b> Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Any comments the Commissioners wish to provide are listed below.	
<b>Wards affected:</b> Castle, Dales, Hyson Green & Arboretum, Radford, and St Ann's.	
<b>Date of consultation with Executive Member(s):</b>  Executive Member consultation was undertaken on the 22 <sup>nd</sup> May 2024.  The recommendations contained in this report and exempt appendix were circulated and endorsed by the Corporate Director for Growth & City Development and the S151 Officer as part of the Asset Rationalisation governance procedures.	
<b>Relevant Council Plan Key Outcome:</b>	
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 type="checkbox"/>



**Summary of issues (including benefits to citizens/service users):**

In response to the Council's Together for Nottingham Recovery and Improvement Plan refresh 2022, the Council commenced a review of assets within the Property Trading Account which could be considered for disposal.

The assets proposed for disposal have been reviewed in accordance with the "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.

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

The appendix to this report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the strategic management of the Council's Surplus Property Assets and in particular contains commercially sensitive information relating to asset management and disposals. 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 disclosure of the information will compromise the Council's negotiation strategy in the event of a disposal, and this may adversely impact the revenue/capital the Council could receive.

Legal comments contained in the exempt appendix are exempt from publication under paragraph number 5 of Schedule 12A to the Local Government Act 1972 because it contains 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 make the assets detailed in the exempt appendix surplus to the requirements of the Property Trading Account and available for disposal.
2. To delegate the approval of the asset management and/or method of sale to the Director of Economic Development & Property;
3. To delegate approval of the final terms of sale to the Corporate Director for Growth and City Development.
4. To appoint sales agent(s) or any other required consultant via a procurement compliant process (tender/framework/quotation) to facilitate the disposals process. Any expenditure will be subject to the Spend Control Board process.
5. To delegate the approval of any licences/agreements or required legal agreements to facilitate a sale to the Director of Economic Development & Property;

## 1. Reasons for recommendations

- 1.1 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 obligations and remove resource-intensive assets from the Council's ownership, and remove any costs associated with voids/re-letting and refurbishment.
- 1.2 **Recommendation 1** - To make the assets detailed in the exempt appendix surplus to the requirements of the Property Trading Account. The Council has a requirement to repay Exceptional Financial Support in year as well as a range of other items such as the repayment of borrowing, transformation, and approved projects. The disposal of income and non-income producing assets will deliver a programme of capital receipts to repay these items.
- 1.3 **Recommendation 2** - To delegate the approval of any required asset management activity and/or method of sale to the Director of Economic Development & Property – this is required to ensure any required actions to facilitate a sale are undertaken quickly and efficiently. Such asset management actions would include rent reviews/lease renewals/assignments etc. The most appropriate method of sale will be determined depending on the asset type, value and the market at the prevailing time.
- 1.4 **Recommendation 3** - To delegate approval of the final terms of sale to the Corporate Director for Growth and City Development – this will ensure disposals can be progressed at pace without having to refer decisions back to the Executive Board.
- 1.5 **Recommendation 4** - To appoint sales agent(s) or any other required consultant via a procurement compliant process (tender/framework/quotation) to facilitate the disposals process. Any expenditure will be subject to the Spend Control Board process – this recommendation is made to ensure disposals can be progressed at pace without having to refer decision back to the Executive Board. All decisions will be in line with the Council's Spend Control Board process, and this has been endorsed by the S151 Officer.
- 1.6 **Recommendation 5** - To delegate the approval of any licences/agreements or required legal agreements to facilitate a sale to the Director of Economic Development & Property - this recommendation is made to ensure disposals can be progressed at pace without having to refer decision back to the Executive Board.
- 1.7 Property specific reasons are contained in the exempt appendices.

## 2. Background (including outcomes of consultation)

- 2.1 In response to the Council's Together for Nottingham Recovery and Improvement Plan 2021-2024 Refresh 2022, the Council is reviewing its property assets held within the Property Trading Account which could be considered for disposal.

- 2.2 The assets proposed for disposal have been reviewed in accordance with the, "Asset Rationalisation Programme" as being suitable for disposal. The assets have been reviewed using a decision matrix which considers key property and finance inputs relating to condition, future capital and revenue liabilities, energy performance ratings, management of the asset, performance of the asset and marketing. Financial considerations include capital/revenue and capital financing implications. Each element has been scored with the results being endorsed by Senior Officers in both Strategic Assets & Property and Finance. The results of the decision matrix are set out in the Exempt Appendix.
- 2.3 The assets identified for disposal are a mix of property types comprising industrial estates and premises, leisure and licensed leisure premises. Assets have been identified for sale based on their individual characteristics. Asset specific issues are referenced within the Exempt Appendix.
- 2.4 Local Ward Councillors will be advised of the proposal to dispose of the assets which form the subject of this report.

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

- 3.1 **Not to sell the assets** - This option has been rejected as retention of the assets could present a financial risk to the Council in terms of capital expenditure for repairs, maintenance and compliance works or due to a potential fall in revenue income. Retaining the asset would also forego potentially significant capital receipts. The option to dispose will remain under review and if market conditions or due diligence reveals that the asset should be retained, reviewed, or sold at a later date this decision will be recommended to the Corporate Director for Growth & City Development.
- 3.2 Significant Capex is required on the vast majority assets proposed for disposal, largely 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.
- 3.3 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).
- 3.4 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 1<sup>st</sup> of April 2027.
- 3.5 Failure to expend monies will result in fines, loss of income, reputational damage and incur void costs and impairment in capital value.
- 3.6 It is also anticipated market sentiment will turn negative on non-EPC compliant assets in advance of the 1st of April 2027 deadline.
- 3.7 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.

## **4. Consideration of Risk**

### **4.1 Failure to dispose of the assets:**

This presents a potential financial risk to the Council as many of the assets will require capital investment to protect and maintain existing income and maximise future potential income.

In some cases, the assets are also vacant therefore failure to sell will result in continued void holding costs for which the Council has no budget.

Increasing EPC regulations may result in the asset being incapable of reletting without significant capital expenditure. This expenditure will not improve revenue income and no budgetary provision exists for EPC remedial works.

#### **Risk Mitigations:**

- Ensure assets approved for disposal are marketed effectively, at the earliest opportunity, to ensure sufficient exposure, generating a high level of awareness amongst potential purchasers.
- Adoption of an asset-specific marketing strategy to ensure assets are targeted at specific market segments to maximise likelihood of successful a disposal.
- Use of auction process provides increased certainty of securing a disposal within a defined timescale, and on an unconditional Basis.
- Allocate dedicated specialist resource with significant experience of commercial property disposal transactions.

### **4.2 Delay in disposal of the assets:**

- There may be delays to the disposal of the assets caused by further due diligence work revealing issue which prevent or delay a sale.
- Lack of adequate resource to facilitate disposals at pace.
- Changes to the property market leading to a decision to delay a sale or retain the asset.
- Changes to the property market could also lead to lower or higher sales receipts. The former will need to be approved under the delegations contained in this report.

#### **Risk Mitigations:**

- Commence pre-disposal legal due diligence review at the earliest opportunity.
- Post- Legal review, prioritise assets by ease of disposal.
- Allocate dedicated specialist resource with significant experience of commercial property disposal transactions.
- Monitor commercial property market conditions / sentiment combined with awareness of wider macro-economic environment and impact of a General Election scheduled within FY 24/25.
- Respond effectively and swiftly to changing market conditions, which could materially impact any disposals. – e.g., adjust disposal programme to minimise impact of adverse sentiment.

### **4.3 Revenue Loss from the Property Trading Account:**

The disposals set out in the exempt appendix will result in significant revenue losses.

## **Risk Mitigation:**

- The Council has previously set aside budgetary provision for these pressures and will be using these monies to offset the impact on the revenue budget from the disposal of these properties.

## **5. Commissioner comments**

Commissioners understand that the property has been externally appraised by Avison Young, this is a high-level market appraisal. And the city has appointed a specialist sports/leisure agent to review the asset and provide an opinion and appraisal of the proposed disposals. The final decision to sell will be made based on this report and advice. On this basis the commissioners are content.

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

- 6.1 The Finance team comments are contained in the exempt appendix.

### **Capital**

Tom Straw, Senior Accountant (Capital Programmes) - 21/05/24

### **Revenue**

Sarah Baker, Senior Commercial Business Partner (Strategic Assets and Property) - 21/05/24

## **7. Legal colleague comments**

- 7.1 The Legal comments are contained in the exempt appendix.

Mick Suggett; Solicitor and Team Leader – Conveyancing – Date: 20<sup>th</sup> May 2024.

## **8. Other relevant comments**

### **Strategic Assets and Property**

- 8.1 The assets identified in the exempt appendix have been subject to the Council's Asset Rationalisation process and they have been reviewed with key officer in Strategic Assets & Property, Finance and Legal Services. Endorsement to the disposals has been provided via the Asset Rationalisation process and the Corporate Director for Growth and City Development and Section 151 Officer.
- 8.2 The individual sales will be progressed by the Disposals & Development Team in line with the adopted Disposals Policy and the team will work with Legal Services to deliver the sales at pace and to achieve best consideration.
- 8.3 Once approved, the timings of disposals will be confirmed, and sales packs will be developed, this will ensure that the assets are ready for sale at the appropriate time and via the appropriate method.
- 8.4 Progress on disposals will be reported weekly to key colleagues and any delays/withdrawals will be managed appropriately.



**8. Procurement**

8.1 The Procurement comments are contained in the exempt appendix.

Jonathan Whitmarsh – Corporate Procurement Officer – 21<sup>st</sup> May 2024.

**9. Crime and Disorder Implications (If Applicable)**

9.1 Not Applicable.

**10. Social value considerations (If Applicable)**

10.1 Not Applicable.

**11. Regard to the NHS Constitution (If Applicable)**

11.1 Not Applicable.

**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 does not impact Council policy or procedure.

**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:

There are no issues arising from the release of information held by the Council in respect of the existing tenants as:

- a). The information is required for the purposes of entering into a contract with a prospective purchaser.
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**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 the decision will not impact on carbon production by the Council.

**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.

<b>Subject:</b>	<b>The Disposal of the former Central Library, Angel Row, Nottingham</b>
<b>Corporate Director(s)/Director(s):</b>	Sajeeda Rose - Corporate Director for Growth & City Development
<b>Executive Member(s):</b>	Cllr Ethan Radford – Executive Member for Skills, Growth, Economic Development and Property
<b>Report author and contact details:</b>	Beverley Gouveia – Head of Property - Strategic Assets & Property <a href="mailto:Beverley.gouveia@nottinghamcity.gov.uk">Beverley.gouveia@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Christopher Cocks – Disposals Surveyor - <a href="mailto:christopher.cocks@nottinghamcity.gov.uk">christopher.cocks@nottinghamcity.gov.uk</a>
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(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	
<b>and/or</b>	
(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	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input type="checkbox"/> Capital - <b>N/A</b> If Capital, provide the date considered by Capital Board Date: - <b>N/A</b>	
<b>Total value of the decision:</b> Exempt from Publication	
<b>Section 151 Officer expenditure approval</b> Has the spend been approved by the Section 151 Officer? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/a	
<b>Commissioner Consideration</b> Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Any comments the Commissioners wish to provide are listed below.	
<b>Wards affected:</b> Castle	
<b>Date of consultation with Executive Member(s):</b>  Executive Member consultation was undertaken on the 22 <sup>nd</sup> May 2024.  The recommendations contained in this report and Exempt Appendix were circulated and endorsed by the Corporate Director for Growth & City Development and the S151 Officer as part of the Asset Rationalisation governance procedures.	
<b>Relevant Council Plan Key Outcome:</b>	
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  
Financial Stability  
Serving People Well



**Summary of issues (including benefits to citizens/service users):**

The property was declared surplus in Key Decision 3891. The property remains void.

Approval is sought to the agreed sale terms contained in the Exempt Appendix.

The proposed disposal supports the Council's Together for Nottingham Recovery and Improvement Plan refresh 2022 and would provide a capital receipt.

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

The appendix to this report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the strategic management of the Council's Surplus Property Assets and in particular contains commercially sensitive information relating to asset management and disposals. 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 disclosure of the information will compromise the Council's negotiation strategy in the event of a disposal and this may adversely impact the revenue/capital the Council could receive.

Legal comments contained in the Exempt Appendix are exempt from publication under paragraph number 5 of Schedule 12A to the Local Government Act 1972 because it contains 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 sale of the Former Central Library, Angel Row on the draft terms outlined in the Exempt Appendix.
2. To delegate approval of the final Heads of Terms and any future amendments to the Corporate Director for Growth and City Development.
3. To delegate the approval of any licences/agreements or required legal agreements to facilitate a sale to the Director of Economic Development & Property.

**1. Reasons for recommendations**

- 1.1 Recommendation 1: Disposal will generate a significant capital receipt which will be used in line with the Council's agreed Capital Strategy. The sale will also remove current and future holding costs and risks arising from holding this significant city centre asset void. Any future resource, capital, and revenue expenditure required to keep the asset safe and insured will be removed. The sale will also result in a significant development in the city centre which will ultimately generate Business

Rates income, bring footfall to a high street location and provide much needed high quality accommodation.

- 1.2 Recommendation 2: As due diligence is undertaken by the purchaser and as the legal contract work commences there may be the requirement to agree new terms or amend existing sale terms. To ensure the disposal progresses at pace delegated approval is sought for the Corporate Director of Growth & City Development to agree the terms in consultation with the Council's Section 151 Officer where appropriate. Any significant changes to price will require a new Executive Board decision.
- 1.3 Recommendation 3: In order to ensure the disposals progresses at pace; approvals for any required licences or other agreements are to be delegated to the Director for Economic Development & Property (if outside the current Scheme of Delegation). This will ensure the sale is not compromised for a minor agreement.
- 1.4 Property specific reasons are contained in the Exempt Appendices.

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

Following approval to declare the property surplus and make it available for sale in Key Decision 3891, the property was openly marketed in 2020/21 with a number of offers being received. Offers submitted at that time were for student developments comprising around 400-500 beds and included a lease back of the former library frontage which was to be used for the Future High Street Funding project. A purchaser was selected and a significant amount of due diligence and legal work was undertaken until the purchaser was found to be unable to fund the development and the agreement to sell the site was terminated (Spring 2023).

The property was remarketed and offers were received based on the planning brief for student housing that was included in the marketing.

The economic conditions have changed substantially from 2020/21 due to significant increases in the cost of borrowing, increased construction costs, reduced finance sector confidence leading to a reduction in the number of parties wishing to bid on such opportunities i.e. part redevelopment/part conversion and also changes in the taxation for properties of multiple occupation.

Following the marketing period, conditional and unconditional offers were received. It is recommended that a conditional offer based on the terms in the Exempt Appendix is accepted and progressed. The offer is from an established developer/operator.

A disposal on the terms outlined in the Exempt Appendix would deliver a capital receipt quickly and could also deliver earlier NNDR receipts from the non-residential portion of the development. Delivery of an early capital receipt would in turn reduce void holding costs for the Council (currently £0.162m).

There would be no loss of income from the property as it is currently vacant although there are potential imminent increased void costs due to enhanced insurance requirements (increased void costs estimated totalling £0.319m).

The property was previously marketed and the agreed sale was terminated. The property has been remarketed. Further details are contained in the Exempt Appendix.

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

- 3.1 Not to sell the asset - This option has been rejected as the Council has no strategic requirement to hold the asset and retention will be a financial burden to the Council in terms of increased void holding costs (estimated £0.319m pa) and resource to manage a significant void. Retaining the asset would also forego a potentially significant capital receipt which could be used by the Council.
- 3.2 To let the asset – this option has been rejected as reletting would require significant capital outlay to ensure the building was in a lettable condition. Also, there is very little demand for an asset of this specification or layout which would make letting difficult and protracted.

### **4. Consideration of Risk**

- 4.1 Failure to dispose of the asset – this would result in the Council having to hold the asset for a longer period (future void costs estimated at £0.319m pa), a third marketing period and a delay to a significant capital receipt. This risk will be mitigated via regular communication with the purchasers and Legal Services to ensure the sale is progressing and that any issues/problems are identified at an early stage. If the sale was to become abortive Strategic Assets & Property would work to identify the most efficient method to ensuring the asset was sold at best consideration in the shortest timeframe and to minimise holding costs.
- 4.2 Delay to the capital receipt – Strategic Assets & Property will work with the purchasers and Legal Services to ensure the transaction is progressed as quickly as possible to ensure the receipt is delivered in a timely pace.
- 4.3 Changes to Contractual Terms – Strategic Assets & Property will work with the purchaser to ensure any potential changes to the contractual terms are known at an early stage and any reasonable request will be considered in light of the authorities duties to obtain best consideration.

### **5. Commissioner comments**

- 5.1 Commissioners have noted the report and have no further comments.

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

- 6.1 The Finance team comments are contained in the Exempt Appendix.

#### **Capital Implications:**

Tom Straw - Senior Accountant (Capital Programmes) 20<sup>th</sup> May 2024

#### **Revenue Implications**

Sarah Baker - Senior Commercial Business Partner (Strategic Assets & Property),  
20<sup>th</sup> May 2024

### **7. Legal colleague comments**

- 7.1 The Legal comments are contained in the Exempt Appendix.

## **8. Other relevant comments**

### **8.1 Strategic Assets and Property**

8.2 The former Central Library, Angel Row has been openly marketed following the collapse of the previous sale. The terms outlined in the exempt appendix would provide the Council with a capital receipt which represents best consideration.

8.3 The Strategic Assets and Property team will work with Legal Services to ensure the transaction is completed in line with the agreed Heads of Terms and at pace to secure this significant capital receipt. Progress on the disposal will be reported to the appropriate Officers and Commissioners as required.

Beverley Gouveia; Head of Service - Strategic Assets & Property – 15<sup>th</sup> May 2024.

### **7.3 Procurement Comments**

7.4 Not Applicable

## **9. Crime and Disorder Implications (If Applicable)**

9.1 Not Applicable.

## **10. Social value considerations (If Applicable)**

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