

Nottingham City Council

Executive Board

Minutes of the meeting held at Tea Room - at the Council House on 22 June 2021 from 2.00 pm - 2.35 pm

Membership

Present

Councillor David Mellen (Chair)
Councillor Eunice Campbell-Clark
Councillor Neghat Khan
Councillor Adele Williams
Councillor Sam Webster
Councillor Linda Woodings

Absent

Councillor Sally Longford (Vice Chair)
Councillor Cheryl Barnard
Councillor Rosemary Healy
Councillor Rebecca Langton

Colleagues, partners and others in attendance:

Councillor Kevin Clarke

Councillor Andrew Rule

Mel Barrett

- Chief Executive

Wayne Bexton

- Interim Corporate Director for Growth and City Development

Clive Heaphy

- Interim Corporate Director for Finance and Resources

Kate Morris

- Governance Officer

Call-in

Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 2 July 2021. Decisions cannot be implemented until the working day after this date.

8 Apologies for absence

Councillor Cheryl Barnard

– Leave

Councillor Rosemary Healy

– Personal

Councillor Rebecca Langton

– Work Commitments

Councillor Sally Longford

– Personal

Malcolm Townroe – Director of Legal and Governance

9 Declarations of interests

Councillors Eunice Campbell-Clark and Sam Webster declared an Other Disclosable Interest in agenda items 7 and 12, Benefits & Revenue Services for Nottingham (minute reference 14 and 19) because they are Council appointed Directors on the Board. They left the meeting prior to discussion and voting on these items.

In relation to agenda item 4 Eastside Draft Supplementary Planning Document, (minute reference 11), in the interests of transparency Councillor David Mellen stated that he was a Council appointed member of the Board of Blueprint, mentioned within the report, but this did not preclude him from speaking or voting on the item.

10 Minutes

The minutes of the meeting held on 18 May 2021 were confirmed as a true record and were signed by the Chair.

11 Eastside Draft Supplementary Planning Document

The Board considered the report of the Portfolio Holder for Housing, Planning and Heritage seeking approval to issue the Eastside Draft Supplementary Planning Document (SPD) for public consultation. The Portfolio Holder highlighted that the consultation period would be extended to 10 weeks to ensure that everyone who wanted to contribute to the consultation could do so, given that there are still Covid related restrictions in place. The following points were raised in discussion:

- (a) The SPD will allow the Council and developers to work together to protect the heritage of the area , as well as ensure that all new developments are environmentally sustainable;
- (b) The SPD will help to ensure developments maintain a mix of residential and student accommodation within the area, and, along with the Article 4 direction preventing conversion from residential to Houses of Multiple Occupancy, will protect the neighbouring areas of residential properties;
- (c) Street layout and public space will be enhanced with the use of section 106 monies from previous developments across the city. These payments are made at the end of the development and so section 106 monies from these developments will not be available at the time for the enhancements;

Resolved to:

- (1) approve the Eastside Draft Planning Supplementary Planning document and to release it for a period of public consultation; and**
- (2) delegate authority to the Director of Planning and Regeneration to approve any minor changes (e.g typographical and grammatical) required to the Draft Supplementary Planning Document prior to consultation**

Reasons for decision

The SPD provides planning guidance for the development of the Eastside area of the City. In line with planning regulations the document must be subject to public consultation for a period of no less than 4 weeks. The decision to extend the consultation period to 10 weeks will allow greater engagement whilst national restrictions are still in place.

The proposed SPD seeks to provide a range of good quality homes in the area with good connections to jobs and leisure whilst maintaining balance in the type of housing and ensuring high standards of environmental sustainability.

Other options considered

Not producing the draft SPD was the only other option considered. This was rejected as it would lead to a lack of comprehensive planning guidance for the Eastside Area. It would fail to ensure the Council's development ambitions were met and without an SPD there is a danger that services and facilities would not meet the needs of citizens.

12 Disposal of the former Chingford Playing Field site, Bilborough for housing development - Key Decision

The Board considered the report of the Portfolio Holder for Strategic Regeneration and Communications, and Leader of the Council seeking approval to declare surplus and sell on the open market the former Chingford Playing Field and the Housing Revenue account land previously occupied by 4 houses previously demolished as access to the site.

The Leader informed the Board that this land had previously been designated for building council homes, however this course of action was no longer suitable for the council to pursue and sale on the open market with capital receipt would better support Council plans.

The Portfolio Holder for Housing, Planning and Heritage highlighted that one third of the land will be maintained as public amenity and that any developer will be expected to enhance that offering.

Resolved to:

- (1) declare surplus to operational requirements 0.173 acres (0.07 hectares) of HRA owned land on Chingford Road previously occupied by 4 houses which have now been demolished;**
- (2) agree the principle of selling Nottingham City Council's freehold interest in this site;**
- (3) delegate authority to the Corporate Director of Growth and City Development, in conjunction with the s151 officer and Director of Legal and Governance, in consultation with the Leader/Portfolio Holder for Strategic Regeneration, to agree the future Marketing Strategy and sale terms, including price; and**
- (4) delegate authority to the Corporate Director of Growth and City Development, in conjunction with the s151 officer and Director of Legal and Governance, in consultation with the Leader/Portfolio Holder for Strategic Regeneration, to approve any instructions and associated required expenditure prior to sale**

Reasons for decision

This decision will ensure that the former playing field is brought back into use and contributes to the Council's plan to provide 4,000 new homes. Of the 150 new family homes provided 20% will be affordable homes.

This decision is in line with the Nottingham City Council Asset Management Strategy, aiming to dispose of surplus assets to generate capital receipt and reduce debt, in line with the Recovery and Improvement plan

Other options considered

A number of different options have been considered and rejected. The first option was to develop the site directly. This was rejected due to constraints in the Council's current financial position and the need to obtain capital receipts for assets.

The second option was to do a procurement on the site. This approach is time intensive and would not be likely to maximise the capital receipt for the asset and so was rejected.

The last alternative option considered was to not sell the site. This would be a missed opportunity to contribute to the City's housing need and would mean forgoing capital receipt and so was rejected for those reasons.

13 Disposal of Haywood Playing Field - Key Decision

The Board considered the report of the Portfolio Holder for Strategic Regeneration and Communications, and Leader of the Council, seeking approval to declare the former Haywood School Playing Field surplus and to make available for sale on the open market for residential development. The Leader highlighted that the site of the former school has already been developed and by making this land available for development the new houses would further contribute to the Council's plan to provide 4,000 new homes.

Resolved to:

- (1) declare surplus to operational requirements 4.4 hectares of the former Haywood school playing fields west of Edwards Lane, Bestwood, which has been designated for residential development in the Local Plan Part 2 adopted in 2020;**
- (2) declare surplus for operational requirements Housing Revenue Account (HRA) land required to create vehicular access from Hartcroft Road as set out in the exempt appendix;**
- (3) accept the conditions of the Secretary of State for Education's consent to dispose of the freehold interest of the site and confirm compliance with the conditions as set out in the exempt appendix; and**
- (4) delegate to the Corporate Director of Growth and City Development, in conjunction with the s151 officer and Director of Legal and Governance, in consultation with the Leader/Portfolio Holder for Strategic Regeneration to agree the future Marketing Strategy and sale, including price.**

Reasons for decision

The decision is in line with the Council's Asset Management Strategy and will generate a capital receipt to support the Council Capital Programme and reduce debt, both priorities of the Recovery and Improvement Plan.

The site will provide over 100 new homes of which 20% will be affordable housing. This will contribute to the Council Plan to provide more the 4,000 new homes for the city, and 1,000 affordable homes.

The delegations put in place will ensure that the terms of the sale can be agreed and the sale brought forward in a timely manner.

Other options considered

The other option considered was to not sell the site. This was rejected as it would be a missed opportunity to contribute to the city's housing needs and would mean forgoing a the capital receipt to be achieve on sale.

14 Benefits & revenues services for Nottingham

Councillors Eunice Campbell-Clarke and Sam Webster declared an Other Disclosable Interest in this item because they are Council appointed Directors of the company. They left the meeting prior to discussion and voting on this item.

The Board considered the report of the Leader of the Council, presented by the Portfolio Holder for Adults and Health seeking approval for a direct award of a contract to Nottingham Revenue and Benefits up to March 2025. This will allow the company to trade in a stable position until the review of the company is completed as set out by the Non Statutory Review. The following points were discussed:

- (a) There has been conflicting advice around the best options for the future of Nottingham Revenue and Benefits, with the Non Statutory review suggesting it should be brought in house and CIPFA indicating that it is appropriate to remain a separate company. The direct award of the contract for the period highlighted will allow the company to trade in a stable position and allow the Council room to make the decision about the future operating model;

Resolved to:

- (1) note the proposed review of NRB Ltd will be undertaken during Summer 2021 which will provide recommendations for the future operating model of the company;**
- (2) approve the direct award of a contract to NRB Ltd from 1November 2021 for a period of 17 months with the option to extend for 12 months (End March 2024) and then a further extension option of 12 months (End March 2025);**
- (3) note that performance measures of the existing contract will not be changed within the new contract award.**
- (4) delegate authority to the Corporate Director of Finance & Resources to award the contract between Nottingham City Council and Nottingham Revenues & Benefits Ltd on the basis that the criteria as laid out in Recommendation 1 are met.**

(5) approve the financial inclusion of this decision in the budget process for 2021/22 and 2022/23.

Reasons for decision

The award of the contract will ensure that vital services continue to be delivered to citizens of Nottingham without interruption. It also provides stability for the company in the short terms whilst giving the Council room to ensure that fully informed long-term decisions are made around its future operating model.

Other options considered

The first alternative option considered was to do nothing. This was rejected as it would result in the end of the contract and the need for Nottingham city Council to provide the services. This would have been led to disjointed and disrupted services for citizens as the service was moved in house. NRB would exist as a company but with no income and would significantly impact company staff.

The second option considered was to outsource the contract to the Market. This option will be considered as part of the long term review of the service but has been discounted at present. This option could not be realistically achieved by the end of the contract in October 2021 as the open tender process would be time intensive.

Councillors Eunice Campbell-Clarke and Sam Webster returned to the room.

15 Enviroenergy Ltd - Options for continuation of the legal entity - Key Decision

The Board considered the report of the Portfolio Holder for Energy, Environment and Waste Services, presented by the Portfolio Holder for Housing, Planning and Heritage in her absence. The report seeks a decision on the long term future of the legal entity, EnviroEnergy LTD, that facilitates district heating provision in the City. The following points were highlighted in discussion:

- (a) The Council have been the sole owner of EnviroEnergy LTD since 2001 and have provided low carbon, low cost energy and heating to some the most deprived areas in Nottingham as well as to commercial customers since that time;
- (b) Although the company is a separate legal entity the Council own the district heating network and customer care is provided by the Council. The Council benefits from £5million savings per annum on waste disposal thanks to a competitive deal with FCC who run the incinerator;
- (c) The network is almost 50 years old and in need of major investment to update it. This needs to take place by 2030 and to ensure that this can happen EnviroEnergy needs to be brought in house. Removing the separate legal entity allows Nottingham City Council to invest in the network without risking partial VAT exemption penalties;
- (d) The removal of the separate legal entity will not impact on the service provided to customers.

Resolved to:

- (1) approve the transfer of all property, rights and liabilities in the Enviroenergy business to the City Council subject to the following conditions being met:**
 - a. A satisfactory outcome of the legal and financial due diligence which confirms that the business formerly operated by Enviroenergy can be operated by the City Council within the constraints of the MTFP**
 - b. Confirmation that the City Council is able to operate the business formerly operated by Enviroenergy, and**
 - c. Confirmation that following the transfer of assets and liabilities to the Council, that the company can be solvently liquidated.**

- (2) delegate authority to the Chief Executive in consultation with the Corporate Director for Finance and Resources and the Director for Legal and Governance to agree the contract to transfer the business of Enviroenergy to the City Council subject to the conditions above being met to their satisfaction.**

- (3) delegate authority to the Corporate Director for Finance and Resources to undertake a solvent liquidation of the Enviroenergy Company in consultation with the Portfolio Holder for Finance and Resources subject to a successful transfer as described above.**

- (4) approve the cost of £0.5m from funds earmarked for Transformation for the appointment of additional resources as set out in the report to undertake the due diligence and successfully transfer the business to the City Council.**

Reasons for decision

Following the statutory review as per the Recovery and Improvement Plan it has become apparent that the use of an arms length company to operate and manage the Council owned district heating System will not achieve best value for money and that alternative structures will maximise value without impacting on customers.

Professional, external advice recommends that in order to continue to benefit from the VAT recovery the Council is currently able to use the provision of activities provided by EnviroEnergy should be moved in house as a Council Service.

The managed closure of the legal entity will ensure continuity of service for customers. It will also ensure that final pressures on the company and subsequently the Council will be avoided as well as removing the risk of adverse impact on the recoverable VAT across Council services.

Other Options Considered

Doing nothing and continuing with EnviroEnergy as a separate legal entity was considered however this would not give best value for money, and would impact on VAT across the Council leading to financial pressures. For this reason this option was rejected

Another option considered was the transfer of district heating activities to the Council leaving the private wire network as a separate legal entity. Although this would help

with the short term VAT pressures it would fragment the business and impact on the potential for future investment and funding from government. It would duplicate costs for management of the separate services and for these reasons this option was rejected.

16 Exclusion of the public

The Board decided to exclude the public from the meeting during consideration of this/ the remaining agenda item(s) in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraph(s) 3 and 5 of Part 1 of Schedule 12A to the Act

17 Disposal of the former Chingford Playing Field site, Bilborough for housing development - Exempt Appendix

The Board considered the exempt appendix to the report on the Disposal of the former Chingford Playing Field Site for Housing development and noted its contents.

18 Disposal of Haywood Playing Field - Exempt Appendix

The Board considered the exempt appendix to the report on the Disposal of the Haywood Playing Field and noted its contents.

19 Benefits & revenues services for Nottingham - Exempt Appendix

Councillors Eunice Campbell-Clark and Sam Webster declared an Other Disclosable Interest in this item because they are Council appointed Directors of the company. They left the meeting prior to discussion.

The Board considered the exempt appendix to the report on Benefits and revenue services for Nottingham and noted its content.

Councillors Eunice Campbell-Clark and Sam Webster returned to the room.

20 Enviroenergy Ltd - Options for continuation of the legal entity - Exempt Appendices

The Board considered the exempt appendices to the report on EnviroEnergy – Options for continuation of the legal entity. Following discussion detailed in the exempt minutes they noted their content.