



**Nottingham City Council  
Executive Board**

**Date:** Tuesday, 21 September 2021

**Time:** 2.00 pm

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

**Please see information at the bottom of this agenda front sheet about arrangements for ensuring Covid-safety.**

**Councillors are requested to attend the above meeting to transact the following business**

**Director for Legal and Governance**

**Governance Officer:** Adrian Mann, Governance Officer **Direct Dial:** 0115 8764468

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Health

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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

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In order to hold this meeting in as Covid-safe way as possible, all attendees are:

- asked to maintain a sensible level of social distancing from others as far as practically possible when moving around the building and when entering and leaving the meeting room. As far as possible, please remain seated and maintain distancing between seats throughout the meeting.
- strongly encouraged to wear a face covering when entering and leaving the meeting room and throughout the meeting, unless you need to remove it while speaking to enable others to hear you. This does not apply to anyone exempt from wearing a face covering.
- make use of the hand sanitiser available and, when moving about the building follow signs about traffic flows, lift capacities etc

## Nottingham City Council Executive Board

Minutes of the meeting held in the Ground Floor Committee Room, Loxley House, Station Street, Nottingham, NG2 3NG on Tuesday 17 August 2021 from 2:01pm to 2:23pm

### Membership

#### Present

Councillor David Mellen (Chair)  
Councillor Sally Longford (Vice Chair)  
Councillor Cheryl Barnard  
Councillor Eunice Campbell-Clark  
Councillor Adele Williams  
Councillor Linda Woodings

#### Absent

Councillor Rosemary Healy  
Councillor Neghat Khan  
Councillor Rebecca Langton  
Councillor Sam Webster

### Colleagues, partners and others in attendance

Councillor Kevin Clarke  
Councillor Andrew Rule

Clive Heaphy - Interim Corporate Director for Finance and Resources  
Nick Lee - Director of Education Services  
Adrian Mann - Governance Officer  
James Rhodes - Head of Analysis and Insight

### Call-in

Unless stated otherwise, all decisions made by the Executive Board are subject to call-in. The last date for call-in is **Wednesday 25 August 2021**. Decisions cannot be implemented until the next working day following this date.

### 37 Apologies for Absence

Councillor Rosemary Healy - on leave  
Councillor Neghat Khan - on leave  
Councillor Rebecca Langton - on leave  
Councillor Sam Webster - Council business

Mel Barrett - Chief Executive  
Wayne Bexton - Interim Corporate Director for Growth and City Development  
David Murray - Interim Corporate Director for Resident Services  
Malcolm Townroe - Director of Legal and Governance  
Catherine Underwood - Corporate Director for People

### 38 Declarations of Interests

None.

### **39 Minutes**

The Committee confirmed the minutes of the meeting held on 20 July 2021 as a correct record and they were signed by the Chair.

### **40 Draft Strategic Council Plan 2021-23**

The Portfolio Holder for Energy, Environment and Waste Services presented a report on the production of a refreshed draft Strategic Council Plan 2021-23, to replace the existing Council Plan 2019-23. The following points were discussed:

- (a) the current Council Plan has been reviewed in light of the Recovery and Improvement Plan, to ensure that it is fit for purpose and deliverable in the current context. The revised Plan still holds to the core principles of the original version, which have been refreshed to be achievable within the current financial envelope. This takes into account the significant impact of the Coronavirus pandemic, where required spending in response has not yet been recompensed fully by central Government, within the longer-term context of reduced central funding for local authorities;
- (b) the Plan retains the important ambitions for Nottingham to be a carbon neutral city by 2028, and a safe and clean place to live. It reflects the whole range of the Council's work going forward, including the delivery of its statutory duties. Elements of the original Plan that have been delivered upon already, such as the establishment of a historic buildings trust and a private landlords licensing scheme, are not reiterated in the revised document, to make it as streamlined as possible. The targets have been revised to take into account both the work completed already, and the new work needed to address the impacts of the Coronavirus pandemic;
- (c) a full consultation process has been carried out through online, electronic and paper formats, to engage with citizens, young people, Council staff, businesses, partners and the voluntary sector. Discussions were held on the Plan's visions and outcomes, with opportunities for any questions to be answered. Constructive feedback was received, and there is good support for the vision – particularly around the principles of a safer and cleaner city. The response to the consultation was strong, particularly as it was necessary to carry it out during the Coronavirus pandemic, which consultation meetings held online nevertheless being well attended. Ultimately, it is vital for the Council to be accessible to the people that it represents, and to continue to listen and engage;
- (d) the revised Plan establishes 11 high-level outcomes, and the general consensus arising from the consultation is that these represent the right areas for focus – particularly ensuring financial stability and a safer Nottingham. It is important to work with communities, faith groups and local businesses as part of the consultation process, and a significant request from the feedback received is a greater focus on developing culture and the performing arts;
- (e) the Board thanked all those who had contributed to the drafting of the refreshed Plan, particularly as it has been necessary for the work to be carried out within a very challenging timeframe. The revised Plan will be presented for adoption to the

meeting of the full Council in September, following any final updates arising from the consultation process, and the results of the consultation will also be published.

**Resolved to recommend the draft Strategic Council Plan 2021-23 for approval by Full Council, subject to any further changes that may be made as a result of the conclusion of the consultation process, or following feedback from the Improvement and Assurance Board.**

- **Reasons for the decision**

The wider context in which the Council is operating has changed dramatically since 2019. The Council is reviewing and revising its existing Council Plan 2019-23 to take account of the changed situation and to ensure that it is responding appropriately to the current challenges, while maintaining its ambitions for local people and for Nottingham. The draft Strategic Council Plan 2021-23 sets out a vision and a revised set of key outcomes and priorities that the Council believes will improve the lives of local people and support Nottingham's recovery from the ongoing Covid-19 Pandemic.

- **Other options considered**

To do nothing: this option was rejected as maintaining the existing Council Plan 2019-23 is not considered appropriate in light of the significantly changed operating context for the Council and the city overall, and there are requirements of the Ministry for Housing, Communities and Local Government and the Recovery and Improvement Plan that the Council must deliver upon.

#### **41 Variation to Admission Arrangements for Nottingham City Community Schools for the 2021/22 and 2022/23 School Years**

The Portfolio Holder for Leisure, Culture and Schools presented a report on a required variation to the Council's school admission arrangements for 2021/22 and 2022/23. The following points were discussed:

- (a) the variation to the existing school admission arrangements is required so that they comply with the national School Admissions Code from 1 September 2021. It has been a requirement of the Code that looked-after children and children who have been looked after previously and have since been adopted are given the highest priority. The Code has now been expanded to set out that this priority includes children who have been in state care outside of England and ceased to be in that state's care as a result of being adopted;
- (b) there is a strict infant class size limit of thirty children, but this can be exceeded in order to admit twins. This exception does not continue beyond Key Stage 1, but the Council has been able to work with schools to ensure that all twins are admitted together to date, as this is in the best interests of these children.

**Resolved to approve the variations to the school admission arrangements for 2021/22 (determined originally on 18 February 2020) and 2022/23 (determined originally on 23 February 2021) relating to the oversubscription criteria, so that**

**the admission arrangements that have been determined previously will comply with the School Admissions Code from 1 September 2021.**

- **Reasons for the decision**

The new School Admissions Code requires that highest priority is given to “looked after children and all previously looked after children, including those children who appear (to the admission authority) to have been in state care outside of England and ceased to be in state care as a result of being adopted”. This new provision necessitates variations to the determined admission arrangements to take effect from 1 September 2021.

- **Other options considered**

To not vary the admission arrangements: this option was rejected as these variations are necessary to comply with a mandatory requirement of the School Admissions Code.

#### **42 Surrender of an Existing Lease and Grant of a New Lease for Land at Dabell Avenue, Blenheim Industrial Estate, Nottingham**

The Portfolio Holder for Strategic Regeneration and Communications presented a report on the proposed renewal of a lease for land at Dabell Avenue, Nottingham for a longer period, which will achieve a good income stream for the Council.

**Resolved to approve a new lease of 1.71 acres at Dabell Avenue, Blenheim Industrial Estate, Nottingham on the terms as set out in the Exempt Appendix, and to surrender the existing lease.**

- **Reasons for the decision**

The existing lease is a ground lease with 59 years left unexpired. The current tenant approached the Council to negotiate a longer-term lease. Negotiations were carried out to agree appropriate new lease terms and revised rent.

- **Other options considered**

To not agree to the new lease: this option was rejected as Council has no reason to decline the current tenant’s request for a longer-term lease, which will benefit the Council’s financial position.

#### **43 Grant of a Lease Renewal and New Letting for 3, 5, 5a and 7 Castle Road, Nottingham**

The Portfolio Holder for Strategic Regeneration and Communications presented a report on the proposed grant of a renewed lease for 3, 5, 5a and 7 Castle Road, Nottingham, which will enable the tenant business to continue and bring an additional commercial unit back into use.

**Resolved to approve a lease renewal and new letting of 3, 5, 5a and 7 Castle Road, Nottingham, on the terms as set out in the Exempt Appendix.**

- **Reasons for the decision**

The tenant approached the Council to agree terms for a new lease, as the existing lease for 5, 5a and 7 Castle Road was due to expire. The tenant also wished to take a lease on 3 Castle Road, for use in connection with their restaurant business, and can improve the appearance of the property, which will enhance the area and be of benefit to their business.

- **Other options considered**

To not renew the lease: this option was rejected as the Council has no grounds for opposing the terms for the new lease, and the tenant has a legal right to renew the lease under the Landlord and Tenant Act 1954.

#### **44 Grant of a Lease Renewal for 15/16 Finepoint, Walter Nash Road, Kidderminster**

The Portfolio Holder for Strategic Regeneration and Communications presented a report on the proposed grant of a renewed lease for 15/16 Finepoint, Kidderminster, which will represent a good income stream from a property outside the city.

**Resolved to approve a lease renewal of 15/16 Finepoint, Walter Nash Road, Kidderminster on the terms as set out in the Exempt Appendix, and to approve the payment of the associated fees.**

- **Reasons for the decision**

The industrial unit, which forms part of a small industrial estate, was acquired by the Council in 2017. The tenant has been in occupation since 2010, with their lease ending in June 2021. The Council appointed an external agent to negotiate terms for a new lease and terms have been agreed.

- **Other options considered**

To not renew the lease: this option was rejected as the Council has no grounds for opposing the terms for the new lease, and the tenant has a legal right to renew the lease under the Landlord and Tenant Act 1954.

#### **45 Exclusion of the Public**

**The Board 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 3, 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.**

**46 Surrender of an Existing Lease and Grant of a New Lease for Land at Dabell Avenue, Blenheim Industrial Estate, Nottingham - Exempt Appendices**

The Board noted the Exempt Appendices to the report.

**47 Grant of a Lease Renewal and New Letting for 3, 5, 5a and 7 Castle Road, Nottingham - Exempt Appendices**

The Board noted the Exempt Appendices to the report.

**48 Grant of a Lease Renewal for 15/16 Finepoint, Walter Nash Road, Kidderminster - Exempt Appendices**

The Board noted the Exempt Appendices to the report.

**Executive Board  
21 September 2021**

<b>Subject:</b>	Ofsted Focused Visit and Children's Services Improvement Programme
<b>Corporate Director(s)/Director(s):</b>	Catherine Underwood, Corporate Director for People
<b>Portfolio Holder(s):</b>	Councillor Cheryl Barnard, Portfolio Holder for Children and Young People
<b>Report author and contact details:</b>	Michelle Roe, Executive Officer <a href="mailto:michelle.roe@nottinghamcity.gov.uk">michelle.roe@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Helen Watson, Interim Director of Children's Integrated Services
<b>Subject to call-in:</b> <input type="checkbox"/> Yes <input checked="" 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 £1,000,000 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>Total value of the decision:</b> Nil	
<b>Wards affected:</b> All	
<b>Date of consultation with Portfolio Holder(s):</b> 12 August 2021	
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>The Council has core statutory responsibilities for the help and protection of children, regulated by Ofsted, and it is vital that these are met. The Council's Children's Services were last inspected by Ofsted in November 2018 and were judged to "Require improvement to be good". At a subsequent Ofsted Focused Visit in February 2020, inspectors found that the experience of Children in Need and Child Protection had deteriorated, resulting in formal requirements: two Priority Actions</p>	

and four Areas for Improvement being set.

On 30 June 2021, Ofsted undertook a follow-up Focused Visit of the same elements of service. This report provides an update on the outcome of the Focussed Visit and considers the further improvement of Children's Services and preparation for inspection.

**Exempt information:** None.

**Recommendation(s):**

**1** To note the outcomes of the Ofsted Focused Visit of 30 June 2021.

**2** To reflect on the Council's ambitions for its Children's Services and note the importance of securing continuing improvement of the Service.

## **1 Reasons for recommendations**

1.1 The Council has core statutory responsibilities to provide services for children and families. The Office for Standards in Education, Children's Services and Skills (Ofsted) is responsible for inspecting and regulating Children's Services. Nottingham's Children's Services have priority areas for improvement following Ofsted's Focused Visit of February 2020. This report provides feedback on the most recent inspection activity and reflects the Council's commitment to continuing to improve its services for children and families.

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

2.1 In February 2020, Ofsted undertook a Focussed Visit to look specifically at the Council's arrangements for children in need and those subject to a child protection plan, with a focus on children at risk of neglect. There is no inspection rating given during a Focussed Visit and Nottingham remains rated as 'Requires Improvement', but two Priority Actions we identified:

- to address the systemic failures in social work practice to ensure that planning and intervention for children improve their experiences, and that new and emerging risks are identified and responded to; and
- to stabilise the workforce and address the significant shortfall in capacity to enable social workers and first line managers to respond effectively to children in need of help and protection.

2.2 In response to the findings of the Focussed Visit, an action plan was developed and the 'Children at the Heart' Improvement Board was established to oversee the improvement. Support has been received from the Department for Education through the Partners in Practice (PiP) programme, which provides peer support from a partner local authority.

2.3 From 30 June to 1 July 2021, Ofsted undertook a second Focused Visit. Inspectors again looked at the Council's arrangements for children in need and those subject to a child protection plan. Their findings are set out in a published report.

2.4 The report recognises the exceptionally difficult year for Nottingham, responding to the Covid-19 pandemic, but also significant bereavements within the Service and it notes that, in spite of this improvements have been made.

- 2.5 Inspectors noted that leaders were realistic about the progress they have made, and about the change still required in order to embed workforce stability, raise the quality of social work practice, and ultimately improve the lives and experiences of children living in Nottingham in need of help and protection.
- 2.6 Staff were positive about working for Nottingham and reported feeling well supported by managers. Staff also reported positively about the training that they received in relation to relaunched practice standards.
- 2.7 Inspectors highlighted that there was still significant work required to embed workforce stability, raise the quality of social work practice and ultimately improve the lives and experiences of children living in Nottingham in need of help and protection. Areas for improvement are noted in the report.
- 2.8 There is no graded inspection judgement a Focused Visit and the two priority actions remain until a full inspection takes place.
- 2.9 Taking the Service through the next steps of our improvement journey is an important priority for the Council and for the Service. The improvement programme has been revised and will remain under the governance of the Children at the Heart Improvement Board.

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

- 3.1 Not applicable.

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

- 4.1 In response to the initial inspection in February 2020, the organisation invested one-off funding of £1,753,000 to deliver the improvement plan for children, young people and families. No additional funding is assumed in the Medium-Term Financial Strategy.
- 4.2 The work plan and delivery of change will be reviewed between the Service and the Transformation Director, including the identification of necessary resources from the transformation funding. This should be fully considerate of the Council's financial pressures, with clear outcomes to ensure affordable and sustainable change.
- 4.3 The advice recommends performance is regularly monitored through the Children's Sustainability Board.
- 4.4 A full Ofsted inspection is expected in early 2022. There is a significant financial risk should Children's Services fail to address the concerns highlighted.

Advice provided by Christine Green, Strategic Finance Business Partner, on 10 August 2021.

## **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

- 5.1 The statutory duties relating to the safeguarding and protection of children arise from the Children Act 1989. Ofsted in their regulatory capacity have a wide range of powers depending on the outcome of any inspection. The risk in failing to address the concerns highlighted by Ofsted would mean that we would be failing to meet our core statutory safeguarding functions. Legal Services will continue to support the People's directorate.
- 5.2 Transformation resource will be sourced through appropriate procurement routes.

Advice provided by Beth Brown, Head of Legal and Governance and Deputy Monitoring Officer, on 9 August 2021.

## **6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

- 6.1 Not applicable.

## **7 Social value considerations**

- 7.1 Not applicable.

## **8 Regard to the NHS Constitution**

- 8.1 Not applicable.

## **9 Equality Impact Assessment (EIA)**

- 9.1 An EIA is not required because the report does not represent proposals for a new or changing policy, service or function.

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

- 10.1 None.

## **11 Published documents referred to in this report**

- 11.1 Ofsted Children's Services Focused Visit (30 June 2021)  
<https://reports.ofsted.gov.uk/provider/44/892>

9 August 2021

Catherine Underwood  
Corporate Director for People  
Nottingham City Council  
Loxley House  
Station Street  
Nottingham  
NG2 3NG

Dear Ms Underwood

### **Focused visit to Nottingham children's services**

Her Majesty's Chief Inspector of Education, Children's Services and Skills is leading Ofsted's work into how England's social care system has delivered child-centred practice and care within the context of the restrictions placed on society during the COVID-19 (coronavirus) pandemic.

This letter summarises the findings of a focused visit to Nottingham children's services on 30 June 2021. Her Majesty's Inspectors for this visit were Rachel Griffiths and Victoria Horsefield.

Inspectors looked at the local authority's arrangements for children in need and those subject to a child protection plan.

This visit was carried out in line with the inspection of local authority children's services (ILACS) framework. However, the delivery model was adapted to reflect the COVID-19 context. This visit was carried out on site, though with video calls for discussions with social workers. The lead inspector and the director of children's services agreed arrangements to deliver this visit effectively while working within national and local guidelines for responding to COVID-19 and meeting the needs of the local authority's workforce.

### **Headline findings**

Nottingham City children's services were last inspected in November 2018 and were judged to require improvement to be good. At a subsequent focused visit in February 2020, inspectors found that the experience of children in need of help and protection had declined, resulting in two priority actions and four areas for improvement being set. Despite the unprecedented challenges of the pandemic, inspectors found evidence of improvements in these areas, albeit from a very low starting point. Leaders are realistic about the progress they have made, and about the large scale of change still required in order to embed workforce stability, raise the quality of

social work practice, and ultimately improve the lives and experiences of children living in Nottingham in need of help and protection.

### **Areas for priority action**

The areas for priority action set at the last focused visit in February 2020 remain. There are no additional priority actions.

### **What needs to improve in this area of social work practice?**

The areas for improvement set at the last focused visit in February 2020 remain. There are no additional areas for improvement.

### **Main findings**

It has been an exceptionally difficult year for Nottingham. The impact of the pandemic has been significant. High rates of infection, prolonged periods of lockdown, and staff at all levels experiencing bereavement and loss have been very challenging. The local authority's response to COVID-19 has been proactive. Staff have adapted to working from home and children who are in need of help and protection have continued to be seen throughout the pandemic. Alongside the management of the pandemic, leaders have pushed ahead with their improvement plans, with some progress evident. However, embedding change and new ways of working with children and families at a time when visits have had to be adapted in response to COVID-19 restrictions has been a challenge, and has had an impact on the pace of change taking place.

The workforce in Nottingham has been stabilised over the last year. Most social work vacancies in the fieldwork teams have been filled. Most team managers are now permanent. There is a reduced reliance on agency staff. While still too high for some experienced social workers, caseloads have reduced, meaning that while some social workers are starting to have more time to spend with children and families, this is not yet the case for all practitioners.

Staff are positive about working in Nottingham. They report feeling well supported by managers and value improved communication with senior leaders via a practice forum. This is enabling them to share their experiences and contribute to improvement plans.

Staff reported positively about the training they have received in relation to relaunched practice standards and Nottingham's chosen practice model. Inspectors saw some effective examples of this training being put into practice. However, this is not yet consistent or embedded across the fieldwork service in order to have a positive impact for all children. The model of practice is not being consistently used in all aspects of practice or in supervision.

Social workers visit children regularly to monitor their welfare and safety. Unless there are exceptional circumstances, visits are always undertaken on a face-to-face basis. Most children now have a consistent social worker, providing greater opportunities for trusting relationships to develop and for children to have someone they can share their worries with.

Although children are being seen regularly, the quality and frequency of direct work being undertaken with them varies. Inspectors saw an example of excellent, creative direct work with a young child, which informed their assessment and plan. However, this is not happening for enough children, resulting in their life experiences not always being understood and their views not being central to assessments, plans and reviews.

The quality of assessments remains variable. In better ones, social workers demonstrated an understanding of the child's experiences and the impact of issues such as domestic abuse, substance misuse and parental mental ill health have on them. Weaker assessments do not fully analyse all needs and risks. Some assessments are not updated when children's circumstances significantly change. Some parenting assessments are significantly delayed, which has an impact on the effectiveness of planning for children.

There is a lack of consideration of some children's culture and heritage and how their specific identity needs can be met within assessments and plans, thus missing analysing crucial aspects of their lives. This is something leaders are aware of and, in consultation with the practice forum, plan to address.

Assessments in respect of children who are suffering from neglect are improving. Use of a recently launched neglect toolkit is helping staff to better analyse the impact of neglect. It is also helping parents to better understand the concerns and what needs to change. This is a relatively new development and it is too early to see the full impact of this for children who have been subject to long-term neglect.

Children's plans continue to vary in quality. Many have actions that are vague and not specifically targeted. As social workers tend to update plans, rather than rewrite them when actions have been completed or things have changed, it is difficult to see who is doing what, and what needs to change, by when.

Previously used 'contracts of expectations' have been replaced with the use of safety plans, with an aim of working with families to agree a way to protect children. While this is a positive development, safety plans are not yet being consistently written in partnership with families and they are not always updated to reflect progress and change.

Child protection reviews, core groups and child in need reviews are held regularly, with good attendance and information-sharing between professionals and parents. Although scaling is used in child protection reviews to measure children's progress

against their plans, this is not routinely happening in core groups and child in need reviews. Consequently, progress or decline in relation to children's experiences is not being fully captured. Minutes of meetings are not always shared promptly with parents. A parent spoken to during the visit advised that as a result, it is hard to have a clear understanding of what is required of them, and by when, to help ensure that their child's life improves.

Too many children in Nottingham continue to be the subjects of repeat or long periods on a child protection or child in need plan, often for the same reasons. Interventions in these plans have not been successful in bringing about sustained positive change for some children, resulting in them living in neglectful situations for too long. Leaders have now recognised that long and repeat plans are areas that need more robust management oversight. In response, a pilot panel, chaired by the head of service, has been established to review children on repeat plans or plans exceeding 15 months more thoroughly to prevent drift and delay. It is too soon to see the impact of this.

When risks to children increase, and children become subject to the Public Law Outline (PLO) process, service managers and the head of service closely monitor their progress in this process to protect them, and prevent any further delay for them. A recently developed electronic performance reporting system is due to go live in respect of PLO cases to enable more robust analysis of the quality and impact of pre-proceedings work and to help inform development and improvement.

When children's circumstances do improve and their child protection plan ends, the majority of children then become subjects of child in need plans. While children continue to be seen by their social worker regularly in these circumstances, their plans are not always adapted to reflect the change in status. This means that it is unclear what work will be undertaken with children and their families and how progress will be evaluated after stepping down from child protection plans.

All social workers now receive regular supervision and those spoken to were largely positive about this. Supervision records are, however, largely descriptive, and lack reflection and challenge. Actions on cases are often repeated without exploration of what the barriers are to completing them, or reflection of how things could be done differently. This does not drive case progression. In respect of assessments and plans, managers review and authorise these but do not routinely record any constructive feedback as to the strengths and areas for development, thus missing an opportunity for learning.

Quality assurance systems have been developed since the last focused visit. There is now an embedded audit process that includes collaborative audits, moderation and dip sampling. This is enabling senior leaders to have a better understanding of the quality of practice. Leaders recognise that there is more to do and are now focusing on improving the quality, consistency and impact of audits to help drive

improvements. Leaders also plan to seek more feedback from children and families to inform their improvement journey.

Having sufficient capacity in relation to quality assurance has been a resource challenge for the local authority and in response to this, support from a neighbouring authority has been welcomed and used with positive impact. It is not clear that there is sufficient internal capacity to maintain the necessary momentum in quality assurance work, once the current external assistance ends.

Ofsted will take the findings from this focused visit into account when planning your next inspection or visit. I am copying this letter to the Department for Education. It will be published on the Ofsted website.

Your sincerely

Rachel Griffiths  
Her Majesty's Inspector

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**Executive Board  
21 September 2021**

<b>Subject:</b>	Asset Disposals Policy
<b>Corporate Director(s)/Director(s):</b>	Sajeeda Rose, Corporate Director for Growth and City Development  Nicki Jenkins, Director of Economic Development and Property
<b>Portfolio Holder(s):</b>	Councillor David Mellen, Portfolio Holder for Strategic Regeneration and Communications
<b>Report author and contact details:</b>	Steve Sprason, Interim Head of Property <a href="mailto:steve.sprason@nottinghamcity.gov.uk">steve.sprason@nottinghamcity.gov.uk</a>
<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>	
<b>(a)</b>	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
<b>and/or</b>	
<b>(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>Total value of the decision:</b>	Nil
<b>Wards affected:</b>	All wards
<b>Date of consultation with Portfolio Holder(s):</b>	
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>The Asset Disposals Policy sets out how the Council will meet its statutory responsibility in relation to the disposal of land and property assets in a clear, transparent and public fashion. It also sets out:</p> <ul style="list-style-type: none"> <li>• the process and principles for considering and deciding on how assets will be declared surplus to the requirements of the Council;</li> <li>• the circumstances under which associated valuations and/or independent valuations will be obtained;</li> <li>• the various methodologies that can be employed for disposing of assets; and</li> <li>• confirms that the Council's default position on disposals will be to obtain 'best consideration'.</li> </ul> <p>The Policy primarily deals with the disposal of General Fund assets under section 123 of the Local Government Act 1972 and notes that there are different arrangements for the sale of Housing Revenue Account (HRA) assets (where the</p>	

requirement is to obtain market value) and for assets held under Planning powers (where the requirement is to obtain best consideration) under the provisions of section 32 of the Housing Act 1985 and section 233 of the Town and Country Planning Act 1990, respectively. Ministerial 'General Consents' have been issued in relation to both section 123 and section 32 disposals, which offer some discretion from meeting the headline statutory requirements under certain circumstances. No General Consent exists for Planning disposals.

The Council has an urgent requirement to improve its capital finance position, through the realisation of capital receipts by asset rationalisation. It is therefore important that processes are streamlined to give the certainty and confidence that those requirements can be met.

**Exempt information:** None.

**Recommendation(s):**

1) To approve the Asset Disposals Policy, attached as Appendix A to this report.

## **1 Reasons for recommendations**

- 1.1 There is a need to make clear and public the Council's approach to the disposal of land and property assets, and how it will meet its related statutory requirements. This gives confidence that the processes are robust.
- 1.2 Adoption of the Policy supports the Asset Management requirements of the Recovery and Improvement Plan.

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

- 2.1 Local Authorities have a statutory obligation to achieve best consideration or market value in the disposal of land and property assets, as detailed above. The main thrust of this report and Policy is in relation to the disposal of General Fund assets where there is an obligation, subject to certain qualifications, to achieve 'best consideration'. Best consideration is not just about the cash price or indeed necessarily the highest offer received. Regard can also be had to the receipt of non-financial benefits where those can be quantified in cash terms. Indeed, this can also extend to the benefits that will accrue to the Council in terms of the provision, for example, of loan funding, income derived through development delivery via a company vehicle within which it has an interest, and the like. In essence, it is the totality of the arrangement that can be taken into consideration.
- 2.2 Accompanying this requirement, the General Disposals Consent (England) 2003 was published, which gives discretion to Local Authorities to dispose at an 'under value' of no more than £2 million, subject to certain qualifying criteria. This delegation to the Local Authority is designed for administrative ease only; the Authority should always go through the same rigor in determining whether or not to sell at an under value as if it was needing to apply to the Secretary of State (which is the route for intended under value sales of over £2 million). Circular 06/03: 'Local Government Act 1972 General Disposal Consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained' gives guidance on interpretation and in its technical appendix sets the requirements of the associated valuation report. In all instances of considering whether or not to sell at an under value, the Authority should obtain a valuation in line with the requirements of the technical appendix. Although obtaining a valuation is not a legal

requirement (achieving best consideration is an outcome to be achieved and not a particular process that needs to be followed), the Circular does recommend that “local authorities are strongly advised in all cases to ensure that they obtain a realistic valuation of that interest following the advice in the technical appendix”. This is an entirely prudent approach that ensures that disposal decisions are made from a fully informed position and effectively demonstrates how the Council is meeting its statutory obligations.

2.3 The principal aspects of the Asset Disposal Policy now submitted for consideration covers the following:

- **Purpose** – briefly rehearses the above reasons for the need of a Policy. Confirms the policy relates to all General Fund disposals.
- **Identification and declaring assets surplus** – describes the process for the consideration of assets potentially being declared surplus to the Council’s requirements. The Asset Rationalisation Board acts in an advisory and monitoring capacity in this respect.
- **Best consideration and disposal at under value** – rehearses the above statutory framework and references that other consents for disposal may additionally be required, e.g., for school buildings and playing fields, open space disposals, etc. Confirms that the Council’s default position is to achieve best consideration when making a disposal, but that consideration will be given to disposal at under value where a transaction achieves the Council’s corporate strategic objectives and demonstrates economic, social or community value.
- **Valuation of land and buildings for disposal** – confirms that valuations will always be obtained to support disposal decisions and be undertaken by an appropriately qualified and experienced valuer. Valuations will accord with the requirements of the technical appendix referred to above. Notes the circumstances of when community asset transfer will be considered.
- **Disposing of an Asset** – sets out the main routes to marketing/disposal of an asset. Open market disposal will always be the preferred route as full exposure to the market is one of the principle ways of demonstrating that best consideration is being achieved. Other routes will be used where it is considered in the best interests to do so and by exception. Sets the criteria for potential ‘special purchaser’ disposals.
- **Determining Value/Price** – confirms that exposure to the market and purchaser completion will be the preferred route. Independent valuations will be procured if an alternative route is followed. There will instances where it is appropriate for that valuation to be prepared by an internal valuer.
- **Financial criteria for disposals** – details how potential capital and revenue implications of a potential surplus declaration/disposal will be captured.
- **External consents** – confirms that in some instances additional consents to an intended disposal will be required as detailed above.
- **Governance and formal decision making process** – confirms that all disposals will follow the Council’s approved and documented formal governance arrangements and in consultation with key internal officers.
- **Governance Arrangements** – the appendix to the Asset Disposals Policy document sets out those formal governance arrangements.<sup>7</sup>

### 3 Other options considered in making recommendations

3.1 To not publish an Asset Disposals Policy: this would not be regarded as a prudent action for the reasons given above, so this option is rejected.

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

4.1 An efficient Asset Disposals Policy is essential for the Council to enable it to meet its current commitments in the Council's Voluntary Debt Reduction Policy (VDRP) and Capital Strategy.

4.2 The Council requires a significant level of capital receipts to be generated in the short to medium term to offset current commitments. Should capital receipts slip under the minimum required level it could mean:

- mon-contractually committed Capital Schemes are slipped to future years;
- contractually committed schemes may require alternative funding that is compliant with both the Capital Strategy and the VDRP; or
- repayment of debt will be slipped to future years impacting on the VDRP.

4.3 As set out in the Capital Strategy, the Council's policy is to not contractually commit to any scheme until the required level of capital receipts has been secured.

Advice provided by Tom Straw, Senior Accountant – Capital Programmes, on 20 August 2021.

#### **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

5.1 The report correctly identifies the various legislative routes that the Council can utilise for the disposal of its land and property holdings and the rationale for a public facing Asset Disposals Policy is clearly set out. The report itself raises no other legal issues and, as a consequence, the proposals are supported.

Advice provided by Malcolm R. Townroe, Director of Legal and Governance, on 24 August 2021.

#### **6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

6.1 It is entirely helpful to have a published policy in relation to the disposal of land and property assets. This serves to make the Council's processes, and its approach to meeting its related statutory obligations, clear and transparent. It also serves to make clear the general approach to the achievement of best consideration/market value in transactions as appropriate. The Policy is fully supported.

Advice provided by Nicki Jenkins, Director of Economic Development and Property, on 19 August 2021.

#### **7 Social value considerations**

7.1 Not applicable.

#### **8 Regard to the NHS Constitution**

8.1 Not applicable.

## **9 Equality Impact Assessment (EIA)**

9.1 An EIA is not required because this decision does not represent a new or changing policy, service or function.

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

10.1 None.

## **11 Published documents referred to in this report**

11.1 Recovery and Improvement Plan 2021-24.

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**Nottingham City Council – Asset Disposals Policy**  
**September 2021**

**1.0 Purpose**

- 1.1 Nottingham City Council is a major owner of property assets from which services are delivered and council plan priorities facilitated. The council does not have an up to date Asset Management Strategy which governs how its significant operational and non-operational buildings will be managed, prioritised for investment, or ultimately disposed of if surplus to requirements. A comprehensive Asset Management Strategy will be developed (by the end of this year). In the meantime it is necessary for the council to develop and adopt an Asset Disposals Policy to ensure that property decisions are made with clarity, transparency and integrity.
- 1.2 This work is being undertaken in the context of the need to generate significant capital receipts from surplus property holdings to finance the council's capital programme and reduce council debt, having regard to the council's voluntary Debt Management Strategy, approved as part of the council Budget for 2021/22.
- 1.3 When property assets become surplus, there will be a strong presumption for disposal, unless there is a strong business case approved for alternative use. This policy applies to all required disposals of both council freehold and leasehold interests in land and property assets.
- 1.4 All disposals of assets held within the General Fund, either by way of sale or leasing and lettings must be in a way that delivers Best Consideration. In that respect non-financial benefits, which may include additional economic/strategic/operational etc. benefits can be had regard to in determining whether disposal is Best Consideration or not providing that they can be quantified in cash terms. It is the case that separate legislative requirements exist for disposals of assets held either in the HRA or for planning purposes.
- 1.5 This policy is only intended for Council disposals, it does not apply when the Council acts on behalf of other landowners.
- 1.6 The purpose of this document is to make the Council's policies, guidance and procedures transparent and public.
- 1.7 All decisions relating to the declaration of properties as surplus or methods of disposal, will be subject to recommendations from the Head of Property, (or their deputy) to ensure best consideration.

**2.0 The Process for Identifying and Declaring Assets as Surplus**

**2.1 Identification of Surplus Assets:**

In relation to property assets held for operational purposes, once that operational use ceases service departments should declare that property surplus to requirements. Service departments may also consider identifying property as surplus if it is beyond its economic life and a better solution can be found through corporate property planning to better meet service need.

- 2.2 The Council is currently giving consideration to the introduction of a "corporate landlord" as the future model for the management of its land and property assets. In the event of that model being adopted it is probable that decisions regarding surplus declaration will move to the corporate centre.

2.3 In the case of the non-operational property held for income generation purposes within the council's Property Trading Account, one or more of the following conditions may exist which lead to property being declared surplus:

- Have a risk of excessive void periods;
- No longer generate required levels of income and/or repair costs outweigh revenue;
- Have a risk of future reduction in income or capital value;
- Have significant maintenance backlog or capital cost;
- Excessive management time/cost when compared to benefits accruing
- Opportunity for capital growth in an alternative use.

2.3 The process for identifying surplus or underperforming property will arise in a number of ways as follows:-

- Ongoing review of performance/condition surveys of commercial portfolio.
- Service Plans and Service Reviews
- Regeneration schemes
- Approaches from third parties e.g. developers, adjoining owners.
- Requests from community groups or public bodies to transfer assets.
- A site by site asset rationalisation exercise using the asset register and land mapping

2.4 The identification of underperforming or surplus assets within departments will be monitored via structured annual conversations between the relevant Director and the Head of Property to review business needs and priorities.

2.5 When land and building assets become surplus there will be a presumption for disposal unless there is a strong approved business case for an alternative use or strategic hold.

2.6 Land and buildings identified as being surplus will need to follow the procedure set out below.

## **2.7 Declaring an Asset Surplus**

For operational properties identified as surplus the Service is responsible for formally declaring that asset surplus. This is done through a formal decision in accordance with the council's formal governance arrangements. Decisions should make the case for sale, and where possible recommendations for the method of disposal. Recommendations on the method of sale should be made by the Head of Property (or their deputy).

2.8 In the case of non-operational property held for commercial purposes, the Head of Property is responsible for bringing forward proposals to declare the property surplus, in conjunction with the Corporate Director, Finance & Resources and Director of Legal & Governance & Monitoring Officer, and otherwise in accordance with the council's formal governance arrangements. The decision making process will consider the implications for revenue loss or gain, impact upon debt and any potential claw back of grant as a result of the disposal.

2.9 Recommendations for sale will be captured in an Asset Rationalisation Pro Forma and approved by the Head of Property. The Asset Rationalisation Pro Forma should capture relevant comments from the advice given by the Corporate Asset Management Group, which comprises senior officers across the council, and councillors attending the Asset Rationalisation Board (ARB). Assets being considered for disposal will be presented to the ARB in schedule format and with Asset Rationalisation Pro Forma only being submitted in relation to either high value or sensitive assets. Should the property not be progressed for sale then the reasons should be clearly recorded together with a note of the recommendations with the financial and other implications of that decision.

Decisions to dispose will be taken in line with the Council's formal governance arrangements.

- 2.10 The Head of Property will determine the disposal strategy to be adopted based on their professional expertise, taking account of external advice where necessary

### **3.0 Best Consideration and Disposal at an Under-Value.**

#### **3.1 Best Consideration**

The disposal of General Fund land is subject to statutory provisions, in particular to the overriding duty under Section 123 of the Local Government Act 1972 to obtain "Best Consideration". Certain other provisions apply to the disposal of open space, which includes the advertising of the intention to dispose through the placing of formal notices in local newspapers for two weeks and to consider any objections raised.

- 3.2 The main consideration in any land disposal is that the Council must not dispose of assets for "**a consideration less than the best that can be reasonably obtained**" unless it has the express consent of the Secretary of State. This is generally interpreted as being the best price achievable in the open market, however this does not necessarily require the highest offer to be accepted as certain other factors may be considered.

- 3.3 The Council has the power within the Local Government Act 1972 and the General Disposal Consent (England) 2003, to dispose of any asset at less than best consideration, without the requirement for approval from the Secretary of State if:

- The difference between the unrestricted or market value of the land to be disposed of and the consideration for the disposal does not exceed £2 million, and
- The purpose for which the land is to be disposed of is likely to contribute to the promotion or improvement of the economic, social or environmental wellbeing of its area.

- 3.4 There are other statutory provisions that relate to the disposal of assets held in the HRA or for planning purposes. There are also some areas where additional ministerial consent for sale is needed e.g. surplus school playing fields.

#### **3.5 Disposals at an Undervalue**

The default position is that the Council will always dispose of assets to ensure Best Consideration, however, if the Council wishes to dispose of land for less than best consideration then it needs to demonstrate that this is consistent with the organisation's corporate strategic objectives and plans.

- 3.6 In such cases, a business case report following the Governments 5 Case Business Case Model, summarising the key facts of any such proposal should be prepared. The business case will be used as a basis for relevant approvals and to test and demonstrate that value for money will be obtained via other means.

- 3.7 The business case will also have a clear recommendation from the Head of Property and advice from Legal Services and Capital Finance. Any decision will be jointly agreed by the Corporate Directors for City Development & Growth and Finance & Resources, before final decision by Executive Board.

#### **3.8 Valuation of Land and Buildings for Disposal**

All necessary valuations for the disposal of land or property at less than best consideration, will be carried out by an independent Chartered Surveyor appointed by the Council and the valuation must be carried out in accordance with the RICS Valuation – Global Standards 31<sup>st</sup> January 2020.

- 3.9 The independent valuation will be undertaken in accordance with the technical appendix to Circular 06/03-general disposal consent. Whilst it is recognised that Section 123 of the Local Government Act does not require an independent valuation when disposing of an interest in land Circular 06/03 does provide that “local authorities are strongly advised in all cases to ensure that they obtain a realistic valuation of that interest, following the advice provided in the Technical Appendix”. This ensures that the Council can effectively demonstrate transparency in meeting with the requirements of section 123 of the Local Government Act 1972.
- 3.10 All decisions will then be entered into a register kept by the Property Team.
- 3.11 If it is considered that an asset is used for social, community and public purposes and the benefits of that service are deemed to outweigh the value of continuing ownership by the Council on behalf of all Council Tax payers, then the Council may consider the transfer of the asset to a community group on terms to be agreed. Any such transfer should be in accordance with the Council’s Community Asset Transfer policy and will need to be agreed via the business case process as outlined above.

#### **4.0 Disposing of the Asset**

- 4.1 The method for the disposal of assets will be assessed and determined on a case by case basis
- 4.3 The Council will usually use one of the following means to dispose of land and buildings;
- a) **Open Market Disposal (preferred route of disposal)-** For freehold disposal and leasehold interests over 99 (virtual freehold), they will be widely advertised, bids invited and then considered on either a formal or informal basis or via open auction.

The Council will advertise the disposal via its own website with links to property related media and marketing agent’s websites. Bids will be invited through methods such as auction, informal and formal tender.

When appropriate independent agents will be appointed to manage the advertisement and the disposal of the land or property and report to the Council the value of the bids received and provide recommendations on which they consider to be the preferred bidder taking into account risk associated, financial benefits and statutory requirements.

Where there is more than one interested party, a ‘best and final offers’ process will be undertaken when appropriate.

Recommendations on the preferred offer will be made on the basis of price and rent, covenant strength, ability to perform, funding, speed of sale, conditionality, risk etc. to ensure the best return outcome for the Council. The highest cash offer will not be the sole determinant.

- b) **Private treaty special purchaser** - The Council might dispose of an asset to an individual or special purchaser through a private treaty sale. This can be used for both freehold and leasehold disposals.

In order to justify a special purchaser disposal, the proposal should meet one, or more of the following criteria:-

- The proposed disposal involves both Council land or buildings and an adjoining property or piece of land owned or controlled by the prospective purchaser.
- The disposal to an existing tenant.
- The disposal to a third party who, whilst not an adjoining landowner, would bring additional quantifiable social, environmental or economic benefit.
- To enable the purchase of another site, which the Council considers necessary to meet its priorities and Council Plan objectives.
- For the grant of permanent and non-permanent rights, as by definition these are normally a request from a third party.

In such cases an independent external valuation will generally be procured to advise the Council on the value of the asset.

In circumstances where an external valuation is not considered necessary the asset will be valued by the Council's Chartered Surveyors and Registered Valuers and counter signed. Exceptions to this are when:

- Specialist valuation advice is required;
- There are internal capacity issues, or
- If there is a clear conflict of interest.

Appropriate legal advice, as to the legality of the proposed arrangements, with particular reference to all relevant Local Government Act and UK Subsidy considerations will be obtained.

In all circumstances a private treaty disposal would seek to produce financial benefits, which would be at least equivalent to those obtainable through an open market disposal and should be supported via recommendation from the Head of Property. Should this not be the case then the policy for disposals at less than best consideration as outlined above should be followed.

Any decision to pursue a private treaty special purchaser disposal is entirely at the discretion of the Council and is the exception rather than the general rule.

- c) **Joint development** - where a redevelopment proposal includes Council land or property and adjoining land, the Council may choose to pursue a joint development with the adjoining landowner and/ or Developer or Registered Social Landlord (RSLs).

The details of a joint development arrangement are likely to differ from scheme to scheme but will broadly involve sharing the cost, risk and return from the project.

The benefits and risks of pursuing this method of disposal would require detailed assessment as part of the appraisal for the development.

This form of development may result in State Aid rules being relevant. Any joint development proposal should be guided by Legal Services.

## **5.0 Determining Value/Price**

5.1 Best Consideration will be sought via exposure to the market and purchaser competition.

5.2 If a property is not exposed to the market the Council will generally seek an independent valuation to ensure that the Council can effectively demonstrate transparency in meeting the requirements of Section 123 of the Local Government Act 1972. . In other

circumstances the asset will be valued by a Chartered Surveyor and Registered Valuer from within the Property Services Team.

- 5.3 In the circumstances where an internal valuation is used, valuations will be undertaken by an appropriately qualified Surveyor and countersigned by a Chartered Surveyor and Registered Valuer in order to promote standards of best practice.

## **6.0 Financial criteria for disposals**

- 6.1 The Asset Rationalisation Disposal Proforma will provide details of the capital and revenue implications of the recommended option. It includes the impact of the current economic conditions, the VAT and insurance implications. This will be presented as part of the business case for disposal.
- 6.2 Once sites are approved as being suitable for disposal and a programme for disposal has been agreed this will be included on a disposal plan which is then used to inform the Medium Term Financial Strategy (MTFS). However, until exchange/ completion of contracts has taken place or a lease has been completed there is always be a risk that the disposal will not take place in the forecast timescale, the timescale will therefore be indicative.

## **7.0 External Consents**

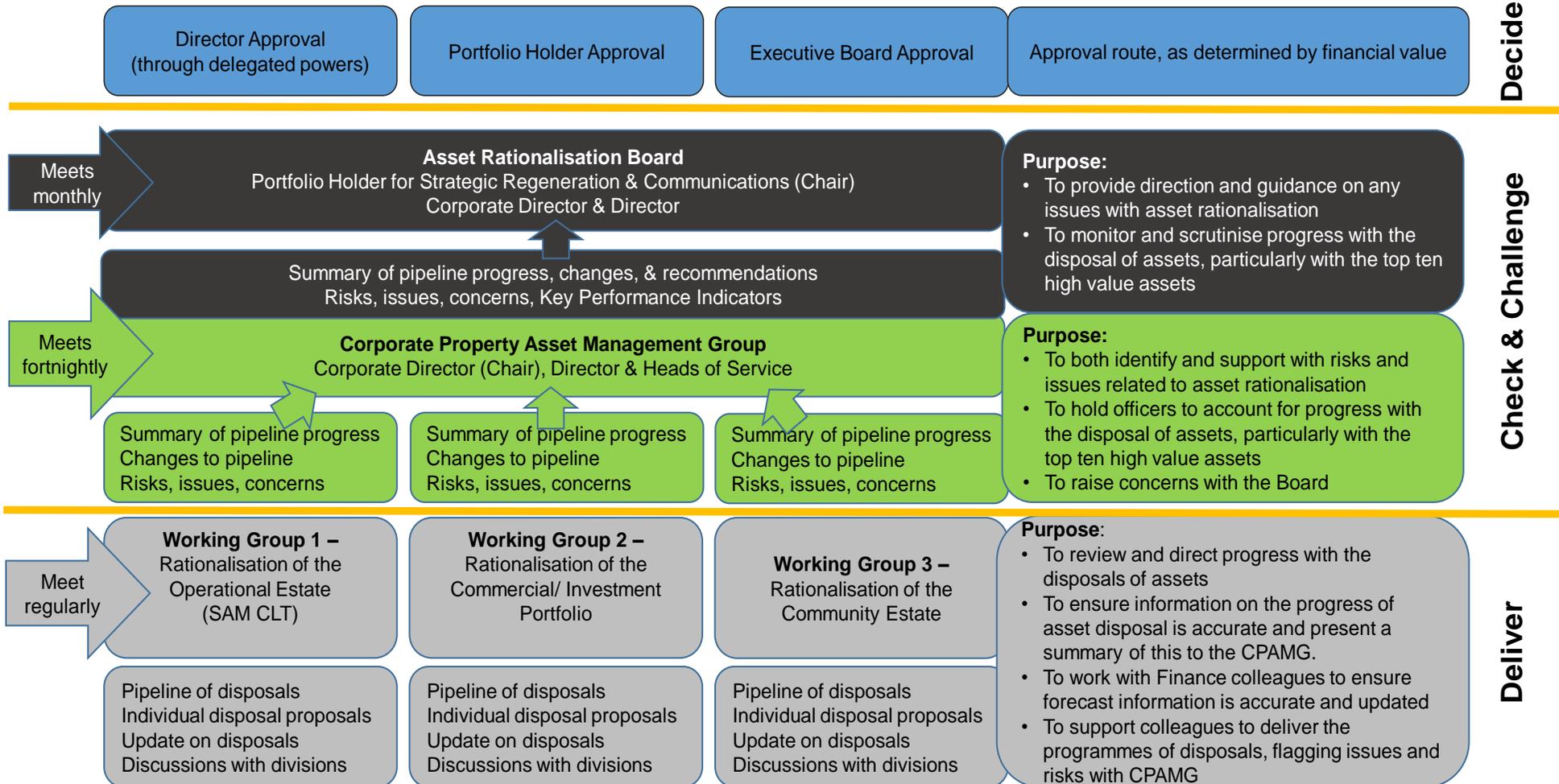
- 7.1 External consents are required to declare certain types of properties surplus i.e. playing fields where Sports England consent is required and public open space that has to be advertised. This process should be commenced at the earliest opportunity, as part of the options appraisal and this taken into consideration in forecast timescales.
- 7.2 Other constraints such as legal, planning, statutory authorities/government policy or financial constraints such as the property having been the subject of funding in the past that necessitates the repayment of grant monies will also need to be taken into consideration.
- 7.3 Checks will be made prior to disposal against the Register of Community Assets. Should the property be included, the Council will proceed in the appropriate way.

## **8.0 Governance and Formal Decision Making Process**

- 8.1 Once a property asset is identified as surplus the Head of Property as the council's professional lead will instigate the process to dispose.
- 8.2 Properties will only be sold after rigorous option appraisal. In order to determine the options, relevant departments should be consulted with, these include all appropriate operational departments, Legal Services, Finance, Procurement and HR as appropriate..
- 8.3 Once the options appraisal has been undertaken this will be presented for decision with clear recommendation to dispose and via which method.
- 8.4 Recommendations will be developed via the relevant working group, as outlined in appendix 1, and be agreed by the Corporate Property Asset Management Group, made up of senior officer representatives, including finance and legal.
- 8.5 Final approval to dispose will be in accordance with the council's formal governance arrangements and will include advice from legal, finance and property.

- 8.6 Terms of any disposal will be as recommended by the Head of Property, in conjunction with the Corporate Director, Finance & Resources and Director of Legal & Governance & Monitoring Officer, in consultation with relevant portfolio holders.
- 8.7 The Asset Rationalisation Board will receive regular updates on progress against disposal targets in relation properties which have been declared surplus to requirements. .

# Governance arrangements



<b>Subject:</b>	Procurement of the next phase of Broadmarsh Public Realm Works
<b>Corporate Director(s)/Director(s):</b>	Sajeeda Rose, Corporate Director of Growth and City Development
<b>Portfolio Holder(s):</b>	Councillor David Mellen, Portfolio Holder for Strategic Regeneration and Communications
<b>Report author and contact details:</b>	Chris Deas, Director for Major Projects and Transport
<b>Other colleagues who have provided input:</b>	Steve Dickens, Programme Manager
<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 £1,000,000 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Type of expenditure:</b>	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
<b>Total value of the decision:</b>	£2.1million
<b>Wards affected:</b>	All Wards
<b>Date of consultation with Portfolio Holder(s):</b>	6 <sup>th</sup> September and 8 <sup>th</sup> September 2021
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input checked="" type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>Good progress has been made in introducing significant new public realm in the Broadmarsh Area. In order to progress further work in accordance with the Broadmarsh regeneration programme consideration has now been given to future stage of public realm delivery.</p> <p>This report sets out the proposed procurement route for the next stage of works.</p>	
<b>Exempt information:</b>	None
<b>Recommendation(s):</b>	
<b>1</b>	To approve dispensation (in accordance with Financial Regulation 3.29) from the need to conduct a tender process in accordance with Contract Procedure Rule 4.1.2, to instruct Thomas Bow (up to a value of £2.1m) to carry out public realm works at the northern section of Middle Hill and on Sussex St as an extension under the current works contract.
<b>2</b>	Delegate authority to Corporate Director Growth and City Development, in consultation with the Corporate Director of Finance and Resources, to award and enter into the contract extension referred to in the recommendations.
<b>3</b>	To note that further contracts to deliver Public Realm works on Collin Street, including a new pedestrianised link to Lister Gate will be required and procurement options for these works will be subject to a further decision.

## **1 Reasons for recommendations**

- 1.1 These Recommendations are required in order to progress delivery of the next stage of public realm works in the Broadmarsh area.

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

- 2.1 Transforming Cities Funding (TCF) has been secured to deliver new public realm in the Broadmarsh area. The first phase of delivery is now well progressed on Sussex Street and Carrington Street through works contracted to Thomas Bow. Alongside these works, Galliford Try is also undertaking elements of public realm scheme in the areas immediately surrounding the new car park and bus station building whilst NCC's Highway Services are delivering works on Canal Street.
- 2.2 It is expected that all currently contracted public realm works will be completed by the end of 2021.
- 2.3 The Thomas Bow contract which was entered into in August 2020 is proving to be cost effective and is delivering the full scope of works within budget and to a high quality.
- 2.4 At the time of contract award the scope of works included in the current Thomas Bow contract was constrained by the ongoing redevelopment of the Broad Marsh shopping centre by Intu. Now that the Intu redevelopment has ceased and the site is under Council control further consideration has been given to how to progress the public realm activity.
- 2.5 It is proposed that the next stage of public realm work should incorporate work to transform the northern section of Middle Hill and an area on Sussex St which formerly formed part of the Intu shopping centre site. It is proposed that the most appropriate route to deliver this work is via an extension of the current contract with Thomas Bow.
- 2.6 There are several technical elements contained within the current Thomas Bow scheme which continue across the current scheme boundary and directly interface with these works proposed on Middle Hill and Sussex Street, including;
- Highway drainage;
  - Street lighting;
  - Irrigation systems;
  - Planting and plant bed formation;
  - Footpath paving;
  - Carriageway surfacing; and
  - Structural interfaces between amphitheatre steps and middle hill highway structure.

Incorporating these works into Thomas Bow's current contract maintains a single contractor responsibility for materials continuity, warranties, quality of workmanship and in addressing any defects which may occur. Were they to be split across separate contracts (and contractors) there is significant potential for a less technically and commercially robust scheme to be delivered. This would present additional commercial, operational and reputational risk for the Council.

- 2.7 In addition, due to logistical and operational arrangements it would not be possible to let a contract for the additional works to Middle Hill and Sussex Street until the

current contract is completed (end of 2021). However if the work were to be added to the current contract it would be possible for the current and new works programmes to run concurrently from September/October 2021 taking advantage of existing site facilities and reducing the overall programme (and therefore cost) of these works. This would not only ensure works are completed at the earliest opportunity but also reduce overall costs for the Council.

- 2.8 Overall, taking account of the programme and technical continuity benefits noted above the project's commercial advisors note that instructing these works can offer savings in the region of £350-£500k.
- 2.9 An instruction to the current contract would work under the existing terms and contractual conditions. This approach accords with procurement legislation however it requires dispensation from the Council's financial regulations.

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

- 3.1 **Do nothing:** The project would not be delivered in accordance with the Broadmarsh public realm programme.
- 3.2 **Open Tender, or mini competition under NCC's highways framework for the works on Middle Hill and Sussex Street:** This option has been rejected as it would establish a less than optimum delivery programme and introduce additional and commercial risks over and above the chosen route.
- 3.3 **Wait until Design work on Collin St and Lister Gate can conclude and let all remaining works as a single contract.** This option has been rejected as it would also establish a less than optimum delivery programme, potentially impacting on the ability to deliver the full scheme within the TCF funding window and it also introduces additional and commercial risks over and above the chosen route.

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

- 4.1 Dispensation from financial regulations is required for reasons set out above. The Project Sponsor for the Broadmarsh Public Realm project is required to ensure that they are able to evidence that by extending the current contract the Council is meeting its Value for Money requirements as detailed within the body of the report.
- 4.2 The capital works included within this decision is already incorporated within the Council's approved capital programme. Therefore, the capital programme will not be amended following the approval of the enclosed recommendations.
- 4.3 As this decision does not amend the Capital Programme as the Capital Scheme is already previously approved this decision does not require further endorsement from the Capital Board.

Tom Straw – Senior Accountant (Capital Programmes). 01/09/2021

- 4.4 The decision to award a contract to Thomas Bow on a direct award basis is based on weighing up the benefits of undertaking a competitive process against the additional cost and time in setting up a new contractor to work alongside an existing contractor. On balance and without setting a future

precedent, a waiver of Financial Regulations to permit a direct award to Thomas Bow Limited is justified.

Clive Heaphy – Corporate Director of Finance and Resources. 04/08/2021

## **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

- 5.1 A dispensation may be granted for operational reasons in accordance with Financial Regulation 3.29. The circumstances and reasons for the dispensation have been set out by the report author. Legal Services are advising and supporting on the Broadmarsh Shopping Centre and can confirm that at the time of the award of the original contract with Thomas Bow, the Council was unable to clearly determine the extent of the control the Council would have over the redevelopment of the site and how this may impact on any public realm requirements.
- 5.2 The Council is under a duty to seek Best Value and this should be taken into consideration as part of the granting of any dispensation. Again the report clearly sets out how the proposed variation to the existing contract would satisfy any Best Value duty, including avoiding any duplication of costs for set up and an established supply chain and a quality of service delivery.
- 5.3 The original contract value was below threshold for the purposes of the Public Contracts Regulations 2015 and therefore this is a proposed variation of a below threshold contract. In applying the principles of Regulation 72 of the PCR and specifically Regulation 72(1)(b) this proposal meets those requirements. There are no significant legal concerns with regard to the proposals set out in this report and subject to the decision makers being content that the operational reasons and Best Value considerations are met then this is support by Legal Services.

Naomi Vass – Team Leader - Contracts, Employment and Education 26/8/21

- 5.4 Based on the legal comments set out above and on the understanding that the required works were unforeseen at the time of the original contract and have arisen since the collapse of INTU, the procurement team have no further comments regarding this award.
- 5.5 However, considering that the original contract was a direct award by dispensation and that the aggregated value is above the value at which the Public Contract Regulations apply procurement would recommend that no further extensions are allowed.

Sue Oliver – Procurement Category Manager for Places. 27/08/2021.

## **6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

- 6.1 N/A

**7 Social value considerations**

7.1 The location and scale of the Broadmarsh site is such that progressing with the next phase of Public Realm works at the earliest opportunity is important to the population of the City and wider region.

**8 Regard to the NHS Constitution**

8.1 N/A

**9 Equality Impact Assessment (EIA)**

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

No

An EIA is not required because:

The decision does not set out proposals for changes to a policy, service or function.

Yes

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

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

10.1 None

**11 Published documents referred to in this report**

11.1 None

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<b>Subject:</b>	Allocation of the Contain Outbreak Management Fund
<b>Corporate Director(s)/Director(s):</b>	Catherine Underwood, Corporate Director for People Lucy Hubber, Director of Public Health
<b>Portfolio Holder(s):</b>	Councillor Sally Longford Deputy Leader and Portfolio Holder for Energy, Waste and Environment Councillor Adele Williams Portfolio Holder for Adults and Health
<b>Report author and contact details:</b>	Nancy Cordy – Nancy.cordy@nottinghamcity.gov.uk Executive Officer – Public Health
<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 checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 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 type="checkbox"/> Capital
<b>Total value of the decision:</b> £11,669,915	
<b>Wards affected:</b> ALL	
<b>Date of consultation with Portfolio Holder(s):</b> 07/09/2021	
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
<b>Summary of issues:</b>	
<p>The Department of Health and Social Care (DHSC) have awarded funding to upper tier local authorities to support the development and delivery of Local Outbreak Management Plans, which encompass a wide range of activity with the aim of mitigating against and/or managing outbreaks of COVID-19. In total Nottingham City Council has been allocated £14.806m in Contain Outbreak Management Fund (COMF) across 2020/21 and 2021/22. In June 2020 Nottingham received an initial allocation of £3.127m, and approval to both accept and spend this amount was received via a Leaders Key Decision. All funding must be spent by 31 March 2022.</p> <p>This paper sets out a clear plan to ensure the full and appropriate utilisation of COMF by the end of March 22. This includes the distribution of up to £2m to local community and voluntary sector groups via a third party, to enable them to support local people in response to the COVID-19 pandemic as well as to recover from the impacts of COVID-19 on their wider health and wellbeing.</p>	

**Exempt information:** None

**Recommendations:**

- 1** To accept the £11.670m of Contain Outbreak Management Funding (COMF) provided to support the Council's response to the COVID-19 pandemic
- 2** To support in principle the allocations of COMF as described below to provide an ongoing response and support recovery during 21/22.
- 3** To delegate agreement of the approach to the Community Recovery Fund to the Director of Public Health in consultation with the Director of Finance, the Chair of the Engagement Board (Deputy Leader) and the Portfolio Holder for Adults and Health.
- 4** To instruct the Director of Public Health to review the activity and spend in three months and provide an update report to the Executive.

## **1 Reasons for recommendations**

- 1.1 Nottingham City Council have both delivered and commissioned a wide range of activity in order to both prevent and respond to local outbreaks of COVID-19 and protect the health of the population. COMF is provided to local authorities to enable this activity to take place.
- 1.2 In line with the agreed Outbreak Management Plan, the Corporate Leadership Team (CLT) have oversight across all COVID-19 response funds, and delegate responsibility for the COMF budget to the Director of Public Health in line with an approved financial plan.
- 1.3 The community and local organisations in Nottingham have been critical partners in the COVID-19 response, providing essential practical and emotional support to people affected by the virus. As we move from a pandemic response in to recovery it is proposed to build on this community support by offering financial support via a Community Recovery Fund to local organisations who can provide services enabling and supporting recovery.
- 1.4 It is currently assumed that any COMF which remains unspent at the end of March 2022 will have to be returned to the DHSC as per the stated grant conditions.

## **2 Background**

- 2.1 Nottingham City Council has received financial support totalling £14.806m from DHSC through the Contain Outbreak Management Fund (COMF) to support the local level response to the COVID-19 pandemic across two financial years (2020/21, 2021/22). COMF was received in varying instalments based on retrospectively applied criteria.
- 2.2 It is currently assumed that Nottingham City Council has to have allocated all resources by 31 March 2022 to avoid clawback of underspend.
- 2.3 DHSC guidance allows for a broad range of activity to be funded, with the specific health activities that can be funded from COMF left to the judgement of local authorities in conjunction with the Directors of Public Health. However it should be noted that costs incurred as a result of COVID-19 (e.g loss of income) are not

eligible. Costs must have been incurred directly as a result of responding to and managing local outbreaks.

2.4 There are a number of key strands of the Council's response to COVID which will need to continue until the end of March 22 (and possibly beyond). This includes:

- Additional resources to support Outbreak Management and dedicated support on the analysis and interpretation of data;
- On-going engagement and support for businesses through the Environmental Health Services;
- Contact tracing;
- Support for Community Lateral Flow Testing;
- Communication and engagement;
- Behavioural Insights.

These are all core elements of the Council's approach and response.

2.5 COMF funding can also be used to support recovery work. Some key priority areas have been identified for additional activity to support recovery including domestic abuse and financial vulnerability.

2.6 Resources have also been identified to undertake focused work around disparities in health through COVID-19, which will be further developed following the receipt of research to be commissioned from the University of Nottingham.

2.7 The community and local organisations in Nottingham have been critical partners in the COVID-19 response, providing essential practical and emotional support to people affected by the virus. Nottingham has truly shown the value of a strong community and voluntary sector during this period. As we move from a pandemic response, to recovery and transformation it is proposed to build on this community support by offering financial support via a Community Recovery Fund to local organisations who can provide services across five key priorities of recovery:

- Mental health
- Social isolation
- Disparities exposed through Covid-19 (inequalities)
- People vulnerable to Covid-19
- People made vulnerable by Covid-19

2.8 It is proposed to administer the Community Recovery Fund via a third party (appropriate partner to be identified). This provides the benefits of strong community networks, a programme of support and development of small community organisations and the ability to carry funds across financial years to ensure a sustained COVID-19 recovery offer.

2.9 The proposed spend of COMF is set out in Table 1:

Table 1: COMF funding allocation

<b>Description</b>	<b>Total projection (£m)</b>
Testing	£0.516
Contact tracing and Self-isolation/CEV support	£2.011
Compliance and Enforcement	£1.289
Outbreak Management (inc data)	£1.887
Outbreak Management in high risk settings	£0.909
Communications/Engagement	£0.522
COVID-19 recovery	£6.315
Behavioural interventions (vaccination)	£0.350
Response funds (contingency)	£1.007
<b>Total Project Spend</b>	<b>£14.806</b>

2.10 It needs to be recognised that the response to the pandemic has been continually changing. These proposals represent an appropriate response at the current time. It is necessary to retain a degree of flexibility in order to ensure the Council is able to respond to changing situations, for example the identification of further Variants of Concern. Contingency will be retained to respond to these emerging and changing needs. This will be subject to regular review.

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

3.1 To limit spend to health protection function only and return underspend.

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

4.1 There has been **£14.8m allocated to Nottingham City Council** under the COMF; the end date for spend is 31 March 2022.

**Table 1** in point 2.9 sets out how this will be allocated which is in accordance with the grant conditions.

4.2 £3.1m of this fund was approved under Decision 4160 – Allocation of Local Authority Test and Trace Service Support Grant requiring the remainder of this grant to be approved within this report.

4.3 Any spend associated with this grant will undertake the same due diligence and value for money review that mainstream authority funding requires.

It is currently assumed that there is no need for dispensation from financial regulations at this stage however if there is any requirement a further formal decision will be taken.

4.4 Any partnership arrangement established, as referenced in point 2.8, will require the appropriate financial and legal controls to ensure mitigation of any risk to the Local Authority from this partnership.

Information requirements required from the partner will need to be established to ensure grant compliance.

**Ceri Walters – Head of Commercial Finance**  
**13 September 2021**

**5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

5.1 This report seeks approval to accept money from the Department of Health and Social Care (DHSC) for the Contain Outbreak Management which is being provided to support the Council's ongoing response and recovery in relation to the COVID-19 pandemic.

5.2 The City Council must ensure it complies with any terms and conditions specified by the DHSC in the grant funding agreement otherwise it will be at risk of DHSC invoking clawback. Any contract with a third party provider must comply with any relevant provisions as stipulated by the DHSC such as monitoring and reporting outputs.

5.3 Any spend with external providers will need to be made in accordance with the Contract Procedure Rules and the Council's Financial Regulations.

**Beth Brown - Head of Legal and Governance**  
**13 September 2021**

**6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

6.1 Not Applicable.

**7 Social value considerations**

7.1 Not Applicable.

**8 Regard to the NHS Constitution**

8.1

**9 Equality Impact Assessment (EIA)**

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

No



An EIA is not required at this stage. The COVID-19 Community Recovery Fund will support the addressing of inequalities. The delivery mechanism for this fund, including the funding criteria and decision-making process will be subject to an EIA.

Yes



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

10.1 None

## **11 Published documents referred to in this report**

### **11.1 Decision 4160 – Allocation of Local Authority Test and Trace Service Support Grant**

<b>Subject:</b>	Review of Revenue and Capital Budget at 30 June 2021 (Quarter1)
<b>Corporate Director(s)/Director(s):</b>	Clive Heaphy, Interim Corporate Director for Finance and Resources
<b>Portfolio Holder(s):</b>	Councillor Sam Webster, Portfolio Holder for Finance and Resources
<b>Report author and contact details:</b>	Theresa Channell – Head of Strategic Finance & Deputy Section 151 Officer; <a href="mailto:Theresa.channell@nottinghamcity.gov.uk">Theresa.channell@nottinghamcity.gov.uk</a> Lisa Kitto – Interim Deputy Section 151 Officer & Strategic Finance Lead <a href="mailto:Lisa.kitto@nottinghamcity.gov.uk">Lisa.kitto@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Colleagues within Strategic Finance
<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 £1,000,000 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 checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
<b>Total value of the decision:</b>	£146.2m
<b>Wards affected:</b>	All
<b>Date of consultation with Portfolio Holder(s):</b>	Throughout July and August 2021
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input checked="" type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens'/service users):</b>	
<p>This report provides an assessment of the Council's current and forecast outturn position for the General Fund revenue account, Capital Programme and the Housing Revenue Account (HRA) based on activity to the end of the first quarter (June) 2021.</p> <p>The 2021/22 revenue budget was approved by Full Council on 8 March 2021 and the forecast to 30 June 2021 is a <b>£10.9m</b> adverse variance to budget. This is largely driven by adverse variances within the following areas:</p> <ul style="list-style-type: none"> <li>• Children &amp; Young People <b>£5.2m</b> – largely due to Children in Care demand pressures</li> <li>• Highways, Transport &amp; Cleansing Services <b>£3.3m</b> largely due to reduced income from Parking Services and Workplace Parking Levy</li> <li>• Companies <b>£2.4m</b> adverse driven by reduced forecast company returns</li> </ul> <p>The Council is committed to delivering its services within its approved budget but it is apparent that this is becoming increasingly challenging given the sustained financial pressures that the Council is experiencing. Spending controls are in place and the Section 151 Officer has instigated further enhanced spending controls to constrain expenditure.</p>	

In addition, the Portfolio Holder for Finance and the Section 151 Officer have established monthly Budget Review and Oversight Groups with Senior Leaders and Members to ensure that regular reviews of the budget take place and that appropriate mitigations are identified. These meetings are in addition to the monthly budget forecasting and updates to the Corporate Leadership Team (CLT), Leadership and Executive Panel. These controls are designed to maximise the probability of delivering services within the approved budget for 2021/22.

Any further use of reserves to meet pressures or unachieved savings is not recommended as the Council must demonstrate that it is able to deliver services within existing budgets without reliance on one-off measures. This is required as part of the Recovery & Improvement Plan to demonstrate long term financial sustainability.

Work has commenced on the 2022/23 budget, predicated on the assumption of a balanced outturn position for 2021/22. Any adverse variances to the 2021/22 budget would result in additional budget savings being required in 2022/23 and future years adding to an already challenging position.

The HRA budgeted working balance for 2021/22 is **£7.9m** and this is forecast to be **£9.4m** by the end of 2021/22, due predominately to **£1.6m** brought forward from 2020/21, offset by a **£0.1m** in year 2021/22 forecast deficit.

The Capital Programme has been updated to reflect the Qtr1 forecast, and reflects slippage of **£34.8m (11.6%)** on a 2021/22 to 2025/26 General Fund programme of **£299.0m** and slippage of **£7.1m (2.9%)** on a Public Sector Housing programme of **£248.0m**.

**Exempt information:** None

**Recommendation(s):**

**1** To note in respect of 2021/22 budgets:

- a) An overall forecast adverse variance of **£10.9m**, as set out in **Section 2** and **Table 1**;
- b) A forecast favourable variance of **£9.4m** on the HRA, as set out in **Section 3**;
- c) The forecast position on the Capital Programme, as set out in **Section 5**;
- d) Capital Programme projections at Quarter 1, as set out in paragraph **5.1**;
- e) The refreshed Capital Programme, as set out in paragraph **5.5**.

**2** In respect of the movement of resources between budget and/or portfolios, to approve:

- a) The movement in resources as set out in paragraph **2.18** and **Appendix D**.

**3** To endorse:

- a) The Councils commitment to delivering services within its approved budget for 2021/22 and to take all reasonable measures to do so whilst meeting its statutory obligations

## **1 Reasons for recommendations**

- 1.1 To enable formal monitoring of progress against the 2021/22 budget, the impact of actual and planned management actions to address the adverse variance to budget and to reaffirm the Council's commitment to delivering services within budget.
- 1.2 The approval of budget virements is required by corporate financial procedures.

## 2 Background (including outcomes of consultation)

2.1 The 2020/21 Pre-Audit outturn was approved at July 2021 Executive Board; this report and previous reports to Executive Board have consistently outlined the challenging financial environment within which the Council is operating due to sustained funding reductions, increased demand for services, the financial impact of Robin Hood Energy and the financial impacts of the Covid pandemic.

2.2 There are a number of influences that continue to impact on the current year budget and highlight the financial context that the Council is operating within, key factors from the previous year's outturn position include:

- Annual budget overspends each year from 2016/17 to 2019/20 inclusive including a net overspend in 2019/20 of **£6.8m** of which **£2.9m** was directly attributable to Covid;
- An identified in-year budget gap for 2020/21 of **£71.2m** driven by a funding gap in Covid expenditure and pressure from Robin Hood Energy which required the permanent release of **£38.7m** reserves and **£31.3m** of reserves that were to be borrowed and paid back (this was the subject of the Interim 2020/21 Budget, approved by Full Council in October 2020);
- A pre Audit 2020/21 outturn position *prior to capitalisation* showing a favourable variance of **£18.7m**, largely driven by a favourable variance of **£15.3m** within the Adult Care & Local Transport portfolio;
- An outturn position for 2020/21 *post capitalisation* of **£20.0m** showing a favourable outturn of **£38.7m**; this variance together with the Tranche 4 funding from Government has enabled **£31.3m** borrowed from reserves, to be paid back in 2020/21 and the creation of a resilience / transformation reserve of **£16.8m**;
- An estimated Covid funding gap in from 2019/20-2020/21 of **£19.4m**.

2.3 The budget for 2021/22 was approved by Full Council on 8 March 2021 and the key assumptions are below:

- Net budget requirement of **£243.7m**;
- New 2021/22 budget savings of **£16.7m**
- Pressures of **£32.3m**
- Use of **£2.3m** of reserves in order to balance the 2021/22 budget
- A **4.99%** increase in Council Tax, **1.99%** Basic increase and **3.00%** to fund pressures in Adult Social Care funding permitted by Government for 2021/22. This equates to a Band D Council Tax of **£1,898.55**.

### Qtr1 2021/22 Forecast Outturn

2.4 The 2021/22 revenue budget was approved by City Council in March 2021. This periodic report summarises the current assessment of the Council's forecast outturn for the General Fund and HRA. Some report tables may not sum exactly due to rounding.

2.5 Forecasting is risk based, reflecting the diverse nature of the Council's activities and the wide range of issues impacting on the financial position. **Table 1** shows the current

forecast adverse variance to budget of **£10.9m** and is based on the ledger position as at 30 June 2021.

- 2.6 In April 2021 Full Council noted the change in Portfolio responsibilities and the latest budget monitoring position in **Table 1** reflects the new Portfolios. The 2020/21 outturn variance column has been restated as per the new Portfolios.

<b>Table 1 : Current Forecast (Qtr1) Outturn as at 30 June 2021</b>		
<b>Outturn variance 20/21 £m</b>	<b>Portfolio</b>	<b>Forecast Outturn (Qtr1) £m</b>
(15.406)	Adults & Health	(1.324)
0.887	Housing, Planning & Heritage	(0.146)
(0.063)	Children & Young People	5.231
(2.216)	Leisure, Culture & Schools	1.447
(0.437)	Neighbourhoods, Safety & Inclusion	(0.253)
(2.567)	Highways, Transport & Cleansing Services	3.301
(0.772)	Skills, Growth & Economic Development	0.858
(3.862)	Finance & Resources	1.190
(3.248)	Energy, Environment & Waste Services	0.354
(0.030)	Strategic Regeneration & Communications	0.160
<b>(27.714)</b>	<b>Total Portfolio</b>	<b>10.818</b>
4.088	Companies	2.370
4.976	Corporate	(2.312)
<b>(18.650)</b>	<b>Total</b>	<b>10.876</b>
(20.000)	Capitalisation	
<b>(38.650)</b>	<b>Total variance post capitalisation</b>	

### Headline Portfolio Forecast Variances

- 2.7 The **£10.8m** adverse Portfolio variances are driven by the following key reasons:
- Children & Young People £5.2m adverse variance due largely to Children in Care demand pressures of **£4.4m** and reduction in Health Care Contributions **£0.8m**;
  - Highways, Transport & Cleansing Services £3.3m adverse variances due to **£2.7m** overall reduced income from Parking Services and **£0.7m** in fewer licences issued from the Workplace Parking Levy;
  - Leisure, Culture & Schools £1.4m adverse variances, £1.2m adverse variance within Theatre Royal & Concert Hall and an estimated income loss following extended Covid restrictions;
  - Finance & Resources £1.2m adverse variance comprising a Finance adverse variance of **£0.5m** (overspends within Nottingham Revenue and Benefits of **£0.4m** and East Midlands Shared Services of **£0.3m**), and an adverse variance in Nottingham Catering of **£0.3m** resulting from the loss of 5 Multi Academy Trust School contracts;
  - Adults & Health £1.3m favourable variance, largely due to the continuation of the Independent Living Fund (ILF) grant of **£0.7m**.
- 2.8 Wholly owned council Companies are showing an adverse variance of **£2.4m**, largely due to:

- Thomas Bow of **£1.0m** because of continued acquisition costs which are unable to be capitalised;
- Nottingham City Homes of **£1.0m** due to new build investment assumptions;
- Enviroenergy of **£0.4m**, non achievement of budget assumption. The budgeted income is required to fund the Network Leasing Charge.

2.9 The Corporate favourable variance of **£2.3m** is due to a favourable variance of **£1.7m** within Treasury Management largely due to reduced borrowing costs and **£0.5m** increase in the Income Compensation Scheme forecast assumption.

**Appendix A** details the absolute budget amounts and forecasted outturn position and detailed service variances of +/-£50k are included at **Appendix B**.

### **General Reserves and possible impact of a 2021/22 adverse outturn to budget**

2.10 The general reserve provides a financial safety net to cover above-budget costs during the year. Variations in the forecast outturn will impact on general reserves. Favourable variances increase reserves and adverse variances decrease them. **Table 2** below shows the potential impact of the current medium case forecast variance on the general reserve, reducing it from **£12.6m** as at 1 April 2021 to **£1.8m** on 31 March 2022.

<b>Table 2 : The General Reserve</b>	
<b>Item</b>	<b>£m</b>
<b>Balance as at 31 March 2021</b>	<b>49.092</b>
Repayment of remaining borrowed reserves	(20.592)
Resilience / Transformation Reserve	(16.856)
MTFP Assumption	1.000
<b>Balance as at 1 April 2021</b>	<b>12.643</b>
Qtr1 forecast overspend position	(10.876)
<b>Potential balance at 31 March 2022</b>	<b>1.767</b>

2.11 The Robustness of the Budget statement (Annex 5 from the 2021/22 Budget and Medium Term Financial Outlook) approved by February 2021 Executive Board states that the general fund balance should be **£12.6m** and increase by **£1.0m** per annum for the duration of the Medium Term Financial Plan (MTFP). The Council is committed to delivering an on budget outturn for 2021/22 and in year mitigations will be required to ensure that the General Fund reserve is maintained in line with the MTFP assumptions.

2.12 Work on the 2022/23 budget has commenced and is predicated on the assumption of a balanced budget outturn for 2021/22. Any actual overspend in 2021/22 will result in additional budget savings being required for 2022/23 and future years. The use of reserves and one off funds to address any overspending of unachieved savings is not recommended as it is critical that the Council is able to demonstrate longer term financial sustainability and deliver services within budget.

### **Actions required to address the forecast adverse variance to Budget**

2.13 Portfolio Holders, Budget Managers and the Corporate Leadership Team (CLT) are accountable for delivering services on budget including the delivery of existing budget savings. To compensate for the overall, adverse variance, it may be necessary to

deliver alternative savings to those predicted. However, appropriate consultation will take place as required.

2.14 There are a number of spending controls that have been in place for a considerable period of time and these reflect the ongoing challenging financial position of the Council. These include ensuring that correct procurement procedures are followed by the raising of Purchase Orders and that only essential spend is incurred. These will continue and the S151 Officer has put in place the following enhanced spending controls:

- a) No new expenditure will be permitted, with the exception of that funding statutory services, including safeguarding vulnerable people and funds already identified for invest to save purposes;
- b) We will immediately freeze all staff, agency and interim vacancies – some operation critical groups of employees will be excluded and a panel will convene weekly to consider urgent requests;
- c) Existing commitments and contracts will continue to be honoured but not extended unless a legal obligation would be breached;
- d) Council officers must carry out their duties in line with contractual obligations and to acceptable standards, while being aware of the financial situation;
- e) Any spending that is not essential or which can be postponed should not take place and essential spend will be monitored;
- f) The only allowable expenditure permitted under these measures will include the following categories:
  - i. expenditure required to deliver the council's provision of statutory services at a minimum reasonable level including urgent expenditure required to safeguard vulnerable citizens;
  - ii. emergency expenditure needed to protect 'life and limb'
  - iii. existing staff payroll and pension costs;
  - iv. expenditure on goods and services which have already been received;
  - v. expenditure required through existing legal agreements and contracts;
  - vi. expenditure funded through ring-fenced grants;
  - vii. expenditure necessary to achieve value for money and/or mitigate additional in year costs including invest to save monies
- g) Any other requests falling outside these will need to be signed off by either the Chief Executive or the Corporate Director, Finance & Resources

2.15 The Section 151 Officer has instigated a number of internal measures to ensure regular monthly monitoring of the budget, this includes the creation of monthly Budget Review and Oversight Group meetings. These meetings are between Senior Officers and Councillors to review the budget forecasts each month. This is in addition to monthly statements to CLT and Executive Panel detailing the latest forecast position and regular updates to the Improvement and Assurance Board (IAB).

- 2.16 The Council is committed to delivering a balanced budget outturn for 2021/22 and it is expected that future monitoring reports will outline mitigations and actions taken to reduce the adverse variance to budget.

### Corporate Contingency

- 2.17 This enables management of the financial impact of issues that were not reflected when the budget was set. It is allocated under the delegated authority of the Corporate Director, Finance & Resources (Section 151 Officer) using designated criteria. Services are required to accommodate unforeseen expenditure and/or income shortfalls from within their cash limited budgets, only seeking allocations of contingency where it is proving impossible. Contingency is budgeted at **£1.5m** in 2021/22. No requests or approvals have been granted as at 30 June 2021. Part of the planned mitigations to ensure an on budget outturn for 2021/22 will be to review the Corporate Contingency budget to assess what can be released to support the overspend position. The Interim Budget for 2020/21 included a release of **£1.4m** as part of the overall mitigations with departments required to fund any contingencies within existing budgets and it is expected that a similar approach will be required for 2021/22.

### Movement in Resources

- 2.18 Transfers of services between directorates and/or portfolios are reflected within the monitoring figures. Some transfers are before the change in Executive arrangements approved at Full Council in April 2021 so refer to previous portfolios that were in place until then. These movements of resources now require approval and are detailed in **Appendix D**.

## 3 Housing Revenue Account (HRA)

- 3.1 The HRA budget was approved at the March 2021 Full Council meeting, which included a reduction in the working balance from **£7.9m** at 31 March 2021 to **£7.6m** at 31 March 2022. The working balance acts as a contingency to cover unexpected significant expenditure or loss of income.

### 3.2 Working Balance Brought Forward: Increase of £1.6m

The actual position of the Working Balance carried forward from 2020/21 was **£9.5m**, which was an increase of **£1.6m** to that reported in the budget (**£7.9m**) as shown in **Table 3** below.

<b>Table 3: HRA - UPDATED WORKING BALANCE 31/3/2021</b>	
	<b>£m</b>
Estimated balance at 31 March 2021	<b>7.870</b>
Working Balance brought forward from 2020/21	1.577
<b>Actual balance at 31 March 2021</b>	<b>9.447</b>

### 3.3 Projected Working Balance 2021/22: Decrease of £0.1m

The projected Working Balance at 31/03/2022 at Quarter 1 is shown in **Table 4** below. The latest forecast is a small projected in-year deficit with the working balance at **£9.4m**.

<b>Table 4: HRA - PROJECTED WORKING BALANCE 31/3/2022</b>		
	<b>£m</b>	<b>£m</b>
Actual balance at 31 March 2021		<b>9.447</b>
Use of Working Balance for Covid-19 costs	(0.241)	
Reduced costs Council retained budgets	0.171	
<b>Net movement in year 2021/22 surplus/(deficit)</b>		<b>(0.070)</b>
<b>Revised Working Balance at 31 March 2022</b>		<b>9.377</b>

The forecast includes the effect of the Covid pandemic including an additional contribution to the bad debt provision and a temporary increase to the Management Fee in 2021/22 to cover costs related to Covid incurred by Nottingham City Homes. This has been off-set by savings in Council retained budgets.

#### **4 Debtors Monitoring (Appendix C)**

##### **Housing Rents**

- 4.1 The in-year collection rate for the first quarter of 2021/22 is **95.8%** and is below the target of **98.5%**. Comparisons to last year are misleading due to the start of the pandemic as two rent free weeks were brought forward to first two weeks in April. Whilst the arrears are still increasing, the rate of increase has reduced over the last few months. The Council is now able to undertake enforcement action to recover some of the long term, high arrears cases that were outstanding as a result of the freeze on enforcement brought in by the government during the first 16 months of the pandemic.

Nottingham has seen a significant increase in the number of Universal Credit (UC) cases since the start of the pandemic and is anticipated to increase with the furlough support scheme coming to an end. The UC team is providing intensive support to all new UC claimants to support tenants.

##### **Council Tax**

- 4.2 Council Tax collection at the end of Quarter 1 of 2021/22 was **26.2%** and is **0.6%** above the profiled target and **0.4%** above the same period in 2020/21. Collection amounted to **£40.8m** compared to collection of **£37.4m** for the same period last year and net debt collectable over the two financial years has increased from **£142.5m** in 2020/21 to **£155.8m** in 2021/22.

##### **National Non-Domestic Rates (NNDR)**

- 4.3 NNDR collection at the end of Quarter 1 of financial year 2021/22 was **26.7%**, which is **1.9%** below the profiled target. Collection amounted to **£24.0m**, compared to collection of **£18.7m** for the same period last year. Net debt collectable for the year has increased significantly due to the ending of the 100% award of Expanded Retail, Hospitality & Leisure Discount from the end of June 2021 and reverting to 66% for the remainder of the financial year, it has increased from **£79.4m** in 2020/21 to **£90.2m** in 2021/22.

## Sundry Income

- 4.4 The percentage of debts collected within 90 days in the 12 months to June 2021 is **74.5%**, which is below the target of 99% and below the corresponding figure for 2020/21 of **82.0%**.

The debtor day indicator (which shows how quickly debts are recovered) is currently **37** days, which is below the **32.3** day target but an improvement on the corresponding figure for 2020/21 of **43.0** days.

There is significant work on-going to improve debt collection rates in the Council's finance system, with particular focus on the implementation of Advanced Collections functionality as part of the new Oracle system which went live in April 2021. Advanced Collections is a debt management tool that will provide vastly improved debt collection functionality, enabling tailored debt strategies to be built for different types of debt.

## Adult Residential Services

- 4.5 Adult Residential Services collection rate is **97.6%** for Quarter 1 2021/22 and is marginally above the target of **97.5%** and remains consistent with the last two quarters of 2020/21.

## Estate Rents

- 4.6 The collection rate of **94.6%** is below the target of **97.5%**, (the target was set pre Covid), and is below the collection rate for the same period last year **97.6%**.

## 5 Capital Programme Update

- 5.1 The outturn report approved an updated overall Capital Programme for 2021/22 of **£157.9m** for the General Fund and **£69.2m** for Public Sector Housing. During quarter 1 there have been 20/21 additions of **£8.9m** and other movements – mainly due to slippage of schemes of **(£41.9m)**. Actual spend to quarter 1 is **£11.0m**.

**Table 5** details the quarter 1 movements.

<b>Table 5: Capital Programme Quarter 1 Movements</b>					
	<b>2021/22 Forecast Spend £m</b>	<b>2021/22 Additions £m</b>	<b>Other Movements (Slippage / Reprofiling) £m</b>	<b>Projected Outturn at Qtr1 £m</b>	<b>Actual Spend to Qtr1 £m</b>
<b>Public Sector Housing</b>					
Category 1 (Approved Schemes)	69.073	0.832	(7.129)	62.776	5.532
Category 2 (Planned Schemes)	0.083	0.000	0.000	0.083	0.000
<b>Public Sector Housing Total</b>	<b>69.156</b>	<b>0.832</b>	<b>(7.129)</b>	<b>62.859</b>	<b>5.532</b>
<b>General Fund</b>					
Category 1 (Approved Schemes)					
Transport Schemes	63.882	0.000	(18.427)	45.455	2.885
Education / Schools	9.241	0.000	(0.270)	8.971	0.069
Other Services	78.125	8.051	(13.082)	73.094	2.517
Category 2 (Planned Schemes)	6.630	0.000	(3.038)	3.592	0.000
<b>General Fund Total</b>	<b>157.878</b>	<b>8.051</b>	<b>(34.817)</b>	<b>131.112</b>	<b>5.471</b>
<b>TOTAL</b>	<b>227.034</b>	<b>8.883</b>	<b>(41.946)</b>	<b>193.971</b>	<b>11.003</b>

## Approvals in Quarter 1

5.2 Scheme amendments and additions of **£8.9m** have been approved in quarter 1 where capital expenditure is expected to be incurred in 2021/22. Details of category 1 approvals during quarter 1 over **£1.0m** are:

- **£7.8m** Green Homes Private Homes, Energy Efficiency works to private residence, wholly funded by third party grants.

## Other Movements (Slippage / Re-profiling)

5.3 Scheme movements (slippages / re-profiling) during quarter 1 2021/22 are **(£41.9m)**. Schemes where slippage is over **£0.5m** are detailed below in **Table 6**.

<b>Table 6: Slippage and Other Movements Quarter 1</b>			
	<b>20/21 Outturn £m</b>	<b>20/21 Quarter 1 £m</b>	<b>Movement £m</b>
<b>General Fund</b>			
Transport Schemes			
Broadmarsh Enabling Works	11.347	10.132	(1.215)
Transforming Cities	34.306	17.550	(16.756)
Other Services			
NET Lines 2/3	7.156	3.000	(4.156)
Broadmarsh Car Park	8.268	3.861	(4.407)
NCH E Loan - Arboretum	3.225	2.225	(1.000)
Blueprint - Secured Loan & Loan Note	4.910	3.000	(1.910)
Future High Street Fund Infrastructure	0.000	1.000	1.000
Broadmarsh Redevelopment	7.610	9.110	1.500
Category 2 (Planned Schemes)			
Broadmarsh Library	3.365	0.500	(2.865)
<b>Public Sector Housing</b>			
MUSTBE0 / Whole House Retrofit Schemes	3.975	2.210	(1.765)
Affordable Housing Acquisition- Padstow	2.447	0.611	(1.836)
Beckhampton Road – New Build	4.551	2.631	(1.920)
<b>Movements under £0.500</b>			
General Fund			(5.008)
Public Sector Housing			(1.608)
<b>Total Slippage and Other Movements</b>			<b>(41.946)</b>

## Public Sector Housing (HRA) Capital Programme

5.4 The Public Sector Housing programme has been updated to reflect movements in quarter 1. **Table 7** below sets out the updated programme and resources.

<b>Scheme</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>Total £m</b>
Category 1 - Approved Schemes	62.776	67.708	50.293	32.667	29.113	<b>242.557</b>
Category 2 - Planned Schemes	0.083	3.400	1.000	1.000	0.000	<b>5.483</b>
<b>Total Programme</b>	<b>62.859</b>	<b>71.108</b>	<b>51.293</b>	<b>33.667</b>	<b>29.113</b>	<b>248.040</b>
<b>Resources Available</b>						
Prudential Borrowing	(11.824)	(11.576)	(7.989)	(2.606)	0.000	<b>(33.995)</b>
Grants & Contributions	(5.027)	(2.784)	(0.264)	0.000	0.000	<b>(8.075)</b>
Major Repairs Reserve	(38.230)	(43.628)	(36.554)	(29.289)	(29.078)	<b>(176.779)</b>
Revenue Resources	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
Capital Receipts - HRA	(0.336)	(3.711)	(0.602)	(0.035)	(0.035)	<b>(4.719)</b>
Replacement Capital Receipts	(7.442)	(9.409)	(5.884)	(1.737)	0.000	<b>(24.472)</b>
<b>Total Resources</b>	<b>(62.859)</b>	<b>(71.108)</b>	<b>(51.293)</b>	<b>(33.667)</b>	<b>(29.113)</b>	<b>(248.040)</b>

### General Fund Capital Programme

- 5.5 The General Fund Capital Programme has been updated to reflect the movements in quarter 1. **Table 8** below sets out the updated programme and resources.

<b>Scheme</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>Total £m</b>
<b>Approved Schemes</b>						
Transport Schemes	45.455	53.715	7.404	0.000	0.000	<b>106.574</b>
Education	8.971	0.050	0.000	0.000	0.000	<b>9.021</b>
Other Services	73.094	25.693	17.732	7.780	8.121	<b>132.420</b>
<b>Category 2 - Planned Schemes</b>	<b>3.592</b>	<b>16.652</b>	<b>14.814</b>	<b>8.109</b>	<b>7.790</b>	<b>50.957</b>
<b>Total Programme</b>	<b>131.112</b>	<b>96.110</b>	<b>39.950</b>	<b>15.889</b>	<b>15.911</b>	<b>298.972</b>
<b>Resources Available</b>						
Prudential Borrowing	(33.325)	(7.213)	0.000	0.000	0.000	<b>(40.538)</b>
Grants & Contributions	(87.078)	(70.501)	(24.177)	(8.937)	(8.934)	<b>(199.627)</b>
Internal Funds / Revenue	(6.635)	(3.441)	(2.832)	(0.593)	(0.523)	<b>(14.024)</b>
Secured Capital Receipts	(4.074)	0.000	0.000	0.000	0.000	<b>(4.074)</b>
Unsecured Capital Receipts	0.000	(14.955)	(12.941)	(6.359)	(6.454)	<b>(40.709)</b>
<b>Total Resources</b>	<b>(131.112)</b>	<b>(96.110)</b>	<b>(39.950)</b>	<b>(15.889)</b>	<b>(15.911)</b>	<b>(298.972)</b>

### Compliance with the Voluntary Debt Reduction Policy

- 5.6 The Voluntary Debt Reduction Policy approved at February Executive Board 2021 approved Council borrowing of **£170.3m** (General Fund **£118.9m** and Public Sector Housing **£51.4m**) over the period 2020/21 to 2024/25. As at quarter 1 this borrowing forecast has reduced by **£14.1m** to **£156.2m** (General Fund **£111.9m** and Public Sector Housing **£44.3m**).
- 5.7 This **£14.1m** forecast reduction in borrowing cannot be automatically reallocated to alternative schemes as any borrowing is required to meet the requirements of the prudential code as set out in the Council's Capital Strategy. Also a number of the schemes which have released this saving are not yet completed so this favourable variance may reduce.

## **6 Other options considered in making recommendations**

6.1 No other options were considered as the Council is required to ensure that, at a corporate level, expenditure and income are kept within approved budget levels and this report sets out how this is being managed.

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

7.1 Financial implications appear throughout the report.

## **8 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

8.1 Continuous review and management of the budget and associated performance issues mitigate the risk of not achieving corporate priorities.

8.2 In order to manage these risks the following key principles will be adopted in managing the programme:

- new projects (unable to cover their costs) added to the programme, will result in an existing project being removed or amended;
- all projects must have a robust and viable full business case, which considers and includes whole life costing and revenue implications;
- all schemes will be subject to robust and deliverable business plans and models which demonstrate the necessary return on investment required;
- the decision to progress schemes will be dependent on securing the stated level of external funding or grant as appropriate;
- new projects will be considered where the Council can make a return on investment;
- where new sources of external funding/grants become available, the programme will be revisited;
- all schemes will be subject to an independent internal 'Gateway review process'

8.3 The City Council recognises the importance of individual and collective accountability and requires managers to formally acknowledge their responsibilities. Financial management is an integral aspect of effective leadership and good management, relevant councillors and managers are required to participate fully in all aspects of capital investment plans.

8.4 Corporate Directors will be accountable for the success and deliverability of all capital projects within their remit; including:

- ownership of business cases and any subsequent changes to them;
- ensuring that capital projects are delivered in line with agreed targets and resources;
- The successful outcome and benefits realisation of capital projects.

## **9 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

9.1 None

## **10 Social value considerations**

10.1 None

## **11 Regard to the NHS Constitution**

11.1 None

## **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 report does not contain proposals for new or changing policies, services or functions.

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

13.1 None

## **14 Published documents referred to in this report**

14.1 Pre-Audit Corporate Financial Outturn 2020/21 – 20 July 2021 Executive Board  
<https://committee.nottinghamcity.gov.uk/documents/s124628/Pre-audit%20Corporate%20Financial%20Outturn%20202021.pdf>

Appointments, remits and first meetings of Committees and Joint Bodies 2021/22 – 26 April 2021 Full Council

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=155&MId=8988>

2021/22 Budget – 8 March 2021 Full Council

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=155&MId=8633>

Budget 2021/22 and Medium Term Financial Outlook - 23 February 2021 Executive Board

<https://committee.nottinghamcity.gov.uk/ieListDocuments.aspx?CId=177&MId=8590>

Portfolio	Budget as at 30 June 2021 £m	Estimated Outturn £m	Variance (favourable) / adverse £m
Adults & Health	77.886	76.561	(1.324)
Housing, Planning & Heritage	7.545	7.400	(0.146)
Children & Young People	64.595	69.826	5.231
Leisure, Culture & Schools	14.842	16.289	1.447
Neighbourhoods, Safety & Inclusion	13.093	12.840	(0.253)
Highways, Transport & Cleansing Services	11.720	15.021	3.301
Skills, Growth & Economic Development	2.148	3.006	0.858
Finance & Resources	21.451	22.641	1.190
Energy, Environment & Waste Services	17.480	17.835	0.354
Strategic Regeneration & Communications	(14.054)	(13.894)	0.160
<b>Total Portfolio</b>	<b>216.706</b>	<b>227.524</b>	<b>10.818</b>
Companies	(1.602)	0.769	2.370
Corporate	28.640	26.328	(2.312)
<b>Total</b>	<b>243.744</b>	<b>254.620</b>	<b>10.876</b>

**Portfolio Variances +/- £50k****Portfolio Variances +/- £50k****Adults & Health Portfolio – overall favourable forecast of £1.3m****Grants – £0.7m favourable**

Following the closure of the Independent Living Fund (ILF) in June 2015, the government agreed to continue funding pre-existing ILF arrangements and the grant has been extended to 2021/22. The 2021/22 budget assumed no ILF grant.

**Staffing & Internal provision £0.4m favourable**

Variance due to recruitment and retention issues across the service.

**Running Costs – £0.2m favourable**

Variance relating to contracts. Favourable forecast against contractual spend due to further grant maximisation.

**Care Purchasing budgets - £0.2m favourable**

Forecast based on latest care packages information and a set of agreed principles.

**Savings - £0.1m adverse**

Shortfall against Commissioning £3m savings target due to delay in Contract savings decision being agreed.

**Children & Young People Portfolio – overall adverse forecast of £5.2m****Childrens Integrated Services - £5.2m adverse**

Children in Care (CIC) / Placements £5.9m adverse due to adverse variances in:

- Increase in CIC Demand **£4.4m** and is leading to a significant increase in external placement costs
- Reduction in Health Care Contributions to placements **£0.8m**
- Pressures funding reduction **£0.3m**
- CIC staffing **£0.2m**
- Unachieved savings **£0.2m**

**Other Children's Services – favourable of £0.7m**

- Favourable position within staffing and agency assumptions

**Energy, Environment & Waste Services Portfolio – overall adverse forecast of £0.4m****Waste Management £0.2m adverse**

Continued impact of Covid restrictions on income generation.

### **Customer £0.1m adverse**

Overspend due to **£0.1m** estimated additional excess deaths body storage costs not known in 20/21. Work is being carried out to fully quantify this with Nottinghamshire County Council.

Work is being undertaken to achieve the existing budget saving of **£0.2m** and new **£0.3m** customer contact centre rationalisation savings and they are both forecast to be achieved.

### **Finance & Resources Portfolio – overall adverse forecast of £1.2m**

#### **Finance £0.5m adverse**

- **£0.4m** adverse in Revenues & Benefits as per June 21 Executive Board report on Nottingham Revenue & Benefits Ltd
- **£0.3m** adverse due to East Midlands Shared Services contract
- **£0.1m** favourable within staff costs

#### **Human Resources £0.3m adverse**

The overall forecast for this directorate is **£0.2m** favourable, largely due to a **£0.5m** favourable forecast within Employability reported below under Skills, Growth & Economic Development Portfolio. This has been partially offset by adverse forecasts within the Corporate Leadership support team to reflect the current Senior structure, loss of income within Employee Wellbeing, additional HR training and pay benchmarking work.

#### **Commissioning & Procurement £0.1m adverse**

Overspend due to carry forward of PPE stock value in period 1. No budget funding was provided as there was no expectation of a financial impact in 2021/22.

#### **Nottingham Catering - £0.3m adverse**

Largely due to an adverse forecast within Schools Catering of **£0.2m** and a business as usual pressure from losing 5 Multi Academy Trust school contracts in November 2020.

### **Highways, Transport & Cleansing Services Portfolio – overall adverse forecast of £3.3m**

#### **Traffic Safety £0.4m favourable**

Forecast following a review of Traffic Safety income and a number of small operational forecast underspends.

#### **Workplace Parking Levy (WPL) £0.7m adverse**

More liable places were licensed than anticipated through June. Key to the WPL income forecast is the return by the two Universities to around 90% of their pre-Covid licensing levels by October, if the licence numbers are materially lower than currently forecast this will have a significant adverse impact on income. Additionally there are signs that some employers are reducing their licences to take advantage of homeworking on a more permanent basis.

### **Parking Services: £1.1m adverse**

- Covid pressure of **£1.1m**, **£0.8m** income pressure and **£0.3m** adverse variance in running costs due to 24 hour guard requirements at Multi Storey Car Parks.
- Unachieved savings - **£0.2m** due to delayed implementation in various cashless schemes
- Business as usual favourable forecast of **£0.1m** – from reductions in bank charges, only completing urgent Health and Safety work and vacancies

### **Parking Services – Broadmarsh £1.5m adverse**

Largely due to an adverse variance on parking income.

### **Transport & Fleet - £0.3m adverse**

Inflationary pressures on fuel costs, business as usual pressures on Public Realm & Domestic Waste. Additional business as usual pressure in Contract Fleet due to a drop in licenced taxis following the pandemic.

### **Housing, Planning & Heritage Portfolio – overall favourable forecast of £0.1m**

#### **Strategic Homelessness & Housing Related support £0.3m adverse forecast**

The latest review of Homelessness forecast demand shows a pressure of **£0.3m**.

**Planning (incl. GIS) - £0.4m favourable** forecast relating to planning fee income & staffing underspend in GIS due to vacancies.

### **Leisure, Culture & Schools Portfolio – overall adverse forecast £1.5m**

#### **Education Partnerships £0.2m adverse**

Variance due to increased transport costs for SEN & FE transport.

#### **Sport & Leisure - £0.1m adverse**

Small adverse forecast, although position is improving following an in depth review of expenditure by all leisure centre managers. Improved position relates to accelerating 2021/22 budget savings, reduced cleaning costs and increased vacancy savings.

#### **Theatre Royal & Concert Hall - £1.2m adverse**

Adverse forecast due to closure until 11 June 2021 and estimated income loss.

### **Neighbourhoods, Safety & Inclusion Portfolio – overall favourable forecast of £0.3m**

#### **Community Protection – £0.2m favourable**

**£0.1m** favourable variance across Uniformed Services and smaller favourable variances within salaries and running costs within Community Development and the Community Protection Directorate.

## **Skills, Growth & Economic Development Portfolio – overall adverse forecast of £0.9m**

### **Markets - £1m adverse**

Adverse forecast due to unbudgeted pressure regarding the service charge increase in 2015, and reduced income. Reduced income at Victoria Centre Market (occupancy at 48%), and Neighbourhood Markets due to reduced footfall and unable to hold Car Boot Sales due to restrictions making it unviable. The forecast assumes **£0.2m** of urgent repairs and maintenance costs.

### **Human Resources £0.5m favourable**

Variance within Employability due to focus on the Kick-start scheme rather than apprenticeships.

### **Economic Development – £0.3m adverse**

Park Row income pressure of **£0.3m**.

## **Strategic Regeneration & Communications Portfolio – overall adverse forecast of £0.2m**

### **Growth & City Development Directorate and Commercialism Schemes £0.2m adverse**

Savings shortfall relating to:-

- **£0.1m** – advertising and marketing
- **£50k** – closer working with Universities

### **Companies £2.4m adverse**

- Thomas Bow **£1.0m** adverse, **£0.8m** due to acquisition costs that can't be capitalised. **£0.1m** unachieved Highway Services Commercialisation budget saving and **£0.1m** prudential borrowing acquisition cost repayment not achieved.
- Nottingham City Homes (NCH) adverse forecast of **£1.0m** - due to the new build investment assumption of **£1.0m**.
- Enviroenergy **£0.4m** adverse – non achievement of budget assumption, the budgeted income is required to fund the Network Leasing Charge.
- Nottingham Ice Centre (NIC) **£0.1m** adverse, an increased cost due to the latest pension revaluation of **£0.3m** is partially offset by an expected return of **£0.2m**.

### **Corporate £2.3m favourable**

The corporate position is reporting a **£2.3m** favourable position.

- Treasury Management **£1.7m** favourable driven by reduced borrowing costs of **£3.0m** however this has in part been offset by **£1.3m** which is the 2021/22 cost of **£20m** capitalisation in 2020/21.
- Assumed **£0.5m** increase on the Income Compensation claim, previously assumed to be **£1.5m**, now **£2.0m** for Qtr1.

- **£0.1m** favourable variance from repaying all borrowed reserves in 2020/21 rather than phased across a number of years (**£2.4m**) less **£2.3m** non-use of the resilience reserve to support the 2021/22 budget.

## Debtors Monitoring to June 2021

Quarterly Performance Review – 2021/22	Q1	Q2	Q3	Q4
<b>BVPI 66a - Housing Rent Collection (%)</b> <i>(cumulative - current tenants only)</i>				
Actual ( <i>arrears + debit</i> )	95.77			
Target	98.50	98.50	98.50	98.50
Last Year Actual 2020/21	98.80	96.91	97.72	97.38
<b>BVPI 9 - Council Tax Collection (%)</b>				
Actual ( <i>in year cumulative</i> )	26.20			
Target	25.60	50.00	75.50	93.00
Last Year Actual 2020/21	25.80	50.71	76.68	93.96
<b>BVPI 10 - NNDR Collection (%)</b>				
Actual ( <i>in year cumulative</i> )	26.65			
Target	28.50	55.50	80.50	97.40
Last Year Actual 2020/21	22.56	44.84	65.73	78.92
<b>Sundry Income Collection (%)</b>				
Actual ( <i>12 month rolling average</i> )	74.50			
Target	99.00	99.00	99.00	99.00
Last Year Actual 2020/21	82.00	81.00	80.60	80.30
<b>Sundry Income Debtor Days -General</b>				
Actual ( <i>12 month rolling average</i> )	37.00			
Target	32.30	32.30	32.30	32.30
Last Year Actual 2020/21	43.00	37.00	39.00	41.00
<b>Estates Rents Collection (%)</b>				
Actual ( <i>12 month rolling average</i> )	94.60			
Target	97.50	97.50	97.50	97.50
Last Year Actual 2020/21	97.59	95.15	93.68	93.98
<b>Adult Residential Services Collection (%)</b>				
Actual ( <i>12 month rolling average</i> )	97.60			
Target	97.50	97.50	97.50	97.50
Last Year Actual 2020/21	97.30	97.50	97.70	97.70

## Virements 2021/22 requiring Executive Board approval

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
<b>Transfer of Services resulting from changes in Portfolio arrangements (May 20-21 City Council meeting) and Senior Officer Restructure (establishment of new Directorates)</b>					
Adult Assessment Management	0.658	within CA		ACLT	AH
Health Integration	32.751	within CA		ACLT	AH
Quality Assurance & Safeguarding	1.686	within CA		ACLT	AH
Specialist Services	46.323	within CA		ACLT	AH
ASC Quality & Change	0.833	within CA		ACLT	AH
Disabled Children's Service	2.466	within CA		ACLT	AH
Prevention Reablement & Support	0.226	within CA		ACLT	AH
Residential & Day Services	6.363	within CA		ACLT	AH
Housing Related Support	2.132	within CA		ACLT	AH
Adults Directorate	(4.895)	within CA		ACLT	AH
Public Health	(10.661)	within CA		H,HR&E	AH
Transport & Fleet	1.866	within RS		ACLT	HTCS
Workplace Parking	(6.314)	within RS		ACLT	HTCS
NET Project	0.022	within GCD		ACLT	HTCS
Public Transport	1.172	within GCD		ACLT	HTCS
Concessionary Fares	11.212	within GCD		ACLT	HTCS
Transport Strategy	(0.034)	within GCD		ACLT	HTCS
Street Scene & Grounds Maintenance	4.700	within RS		CHST	HTCS
NS Directorate Management	0.650	within RS		CHST	HTCS
Parking Services (CH&ST)	(7.253)	within RS		CHST	HTCS
Highways & Energy Infrastructure	1.568	within RS		CHST	HTCS
Street Lighting	4.234	within GCD		CHST	HTCS
Transport Strategy (CH&ST)	0.167	within GCD		CHST	HTCS

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Traffic Safety	(0.451)	within GCD		CHST	HTCS
Parks & Open Spaces	1.242	within RS		LC&IT	HTCS
Neighbourhoods & Community Engagement	2.870	within RS		CHST	NSI
Community Centres	0.882	within RS		CHST	NSI
Community Cohesion	0.375	within RS		CHST	NSI
Uniformed Services (CH&ST)	(0.184)	within RS		CHST	NSI
C&C Support Services	0.728	within RS		CHST	NSI
Crime & Drugs Partnership	1.069	within FR		E&CP	NSI
Anti-Social Behaviour	0.240	within RS		E&CP	NSI
Security & Logistics	1.013	within RS		E&CP	NSI
Crime & Drugs Partnership (E&CP)	0.097	within RS		E&CP	NSI
Uniformed Services (E&CP)	3.116	within RS		E&CP	NSI
Community Protection Directorate	0.511	within RS		E&CP	NSI
Environmental Health & Licensing	2.114	within RS		FG&CC	NSI
Utilities	6.108	RS	GCD	EE&DS	EE&W
Eastcroft Development	0.051	within RS		EE&DS	EE&W
Energy Services	(0.477)	within RS		EE&DS	EE&W
EE & Waste Strategy	7.251	RS	GCD	EE&DS	EE&W
Facilities & Buildings Services	0.186	within RS		EE&DS	F&R
Waste Management	2.417	within RS		EE&DS	EE&W
Traffic & Safety Flood Risk (EE&DS)	0.192	within GCD		EE&DS	EE&W
Customer Services	0.286	within FR		EE&DS	EE&W
Contracting & Procurement (CH&ST)	0.794	within FR		CHST	F&R
Commercial Finance (CH&ST)	0.422	CX	FR	CHST	F&R
Executive & Majority Support	0.423	within FR		EE&DS	F&R
Human Resources (EE&DS)	0.040	within FR		EE&DS	F&R

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Facilities and Building Services	2.055	within RS		EE&DS	F&R
Legal and Democratic	2.445	within CX		EE&DS	F&R
Corporate & Democratic Core (DRM)	0.129	CX	FR	EE&DS	F&R
Corporate Policy	0.146	within FR		FGCC	F&R
Analysis & Insight Service	0.886	within FR		FGCC	F&R
Strategy & Policy	0.039	within FR		FGCC	F&R
Contracting & Procurement	0.665	within FR		FGCC	F&R
Commissioning & Procurement Management	0.188	within FR		FGCC	F&R
Housing Related Support (FG&CC)	0.000	within FR		FGCC	F&R
F&R Directorate	(0.249)	within FR		FGCC	F&R
Nottingham Catering	(0.730)	within RS		FGCC	F&R
Facilities & Building Services (FG&CC)	(0.106)	within RS		FGCC	F&R
PH&R - Commercialism Schemes	(1.160)	within GCD		FGCC	F&R
Chief Executive's Office	0.366	within CX		FGCC	F&R
Finance	7.677	CX	FR	FGCC	F&R
Corporate & Democratic Core	0.125	CX	FR	FGCC	F&R
OT	3.407	within FR		LC&IT	F&R
Human Resources	3.042	within FR		H,HR&E	F&R
Works Perks Savings	(0.387)	within FR		H,HR&E	F&R
OT Directorate	0.780	within FR		H,HR&E	F&R
GIS	0.479	within GCD		LC&IT	HPH
Business Management Sport & Culture	0.151	within RS		LC&IT	LCS
Events & Goose Fair	0.094	within RS		LC&IT	LCS

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Libraries	4.005	within RS		LC&IT	LCS
Museums	1.487	within RS		LC&IT	LCS
Sports & Leisure	3.935	within RS		LC&IT	LCS
Sports & Culture Marketing	0.100	within RS		LC&IT	LCS
Theatre & Royal Concert Hall	0.914	within RS		LC&IT	LCS
Cemeteries & Crematoria	(1.240)	within RS		LC&IT	HTCS
Education Partnerships	2.381	within CA		R,S&C	LCS
School Improvement	0.692	within CA		R,S&C	LCS
Inclusive Learning	1.083	within CA		R,S&C	LCS
One Nottingham	0.020	FR	GCD	CHST	SRC
Growth & City Development Directorate	(0.040)	within GCD		R,S&C	SRC
Business Centre	(0.316)	within GCD		R,S&C	SRC
Estates Management	0.411	within GCD		R,S&C	SRC
Main Operational Buildings	1.012	within GCD		R,S&C	SRC
Property Trading Account	(24.675)	within GCD		R,S&C	SRC
Completed Regeneration Schemes Property Managed	(1.609)	within GCD		R,S&C	SRC
Property Directorate	5.559	within GCD		R,S&C	SRC
Asset Management	0.429	within GCD		R,S&C	SRC
PH&R - GF Regeneration	(0.001)	within GCD		R,S&C	SRC
Community Assets	0.000	within GCD		R,S&C	SRC
Building Schools for the Future	0.000	within GCD		R,S&C	SRC
Major Projects	(0.016)	within GCD		R,S&C	SRC
Access to Services (Joint Service Ctrs)	1.005	within GCD		R,S&C	SRC
Planned Maintenance Budget	3.453	within RS		R,S&C	SRC
City Advertising Trading Acct	(0.099)	within FR		R,S&C	SRC
Marketing & Communications	0.823	within FR		R,S&C	SRC
EconDev Business Growth	(0.009)	within GCD		FGCC	SG&ED

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
EconDev Partner & Policy (FG&CC)	(0.025)	within GCD		FGCC	SG&ED
D&G Directorate (FG&CC)	0.015	within GCD		FGCC	SG&ED
Human Resources (E&CP)	0.628	within FR		E&CP	SG&ED
Business Development & Innovation	0.222	within RS		FGCC	SG&ED
Facilities & Building Services (LCI)	0.165	within RS		LC&IT	SG&ED
Tourism	0.073	within GCD		LC&IT	SG&ED
EconDev Partner & Policy (R,S&C)	1.337	within GCD		R,S&C	SG&ED
Civic & Colonial Services	1.677	within FR		EE&DS	EE&W
Markets	(0.136)	within RS		LC&IT	SG&ED
<b>Operational virements</b>					
Commercial Infrastructure & Energy	0.025	RS	GCD	NSI	EE&W
Energy Services	(0.525)	RS	GCD	within EE&W	
Adaptations & PAD Scheme	0.031	GCD	CA	within HPH	
Budget realignment Better Care Fund	0.002	FR	CA	F&R	AH
Premises budget transfer between Extensive & Specialist Services & Main Operational Buildings	0.066	CA	GCD	CYP	SRC
Prudential Borrowing technical adjustment	0.179	CORP	RS	F&R	HTCS
	0.101	CORP	FR	within F&R	
	0.085	FR	CA	within CYP	
Commissioning & Procurement Salary Savings Realignment	0.002	within FR		CYP	F&R
	0.976	FR	RS	within NSI	
	0.017	within FR		NSI	F&R
Savings realignment	0.013	within FR		CYP	F&R
	0.058	within FR		NSI	F&R
	0.105	FR	RS	within NSI	
	0.088	within RS		HPH	NSI
	0.100	within GCD		SRC	SG&ED

Details	Net Amount £m	Department		Portfolio	
		From	To	From	To
Children's Directorate recharge adjustment	0.077	CA	FR	CYP	F&R
Realignment between Housing Aid & Property	0.024	CA	GCD	HPH	SRC
Business Development transfer to RS Support Services	0.261	within RS		SG&ED	NSI
Commercial Infrastructure & Energy Directorate transfer to Support Services	0.012	within RS		EE&W	NSI
Commercial Infrastructure & Energy budget realignment	0.039	within RS		SG&ED	EE&W
	<b>146.232</b>				

Department	Key
People	CA
Resident Services	RS
Chief Executive	CX
Growth & City Development	GCD
Finance & Resources	FR

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Former Portfolios	Key
Adult Care & Local Transport	ACLT
Communities, Highways & Strategic Transport	CHST
Energy, Environment & Democratic Services	EE&DS
Children & Young People	CYP
Employment & Community Protection	E&CP
Finance, Growth & The City Centre	FGCC
Housing, Planning & Heritage	HPH
Leisure, Culture & IT	LC&IT
Regeneration, Safety & Communications	R,S&C
Health, HR & Equalities	H,HR&E

<b>Portfolio</b>	<b>Key</b>
Adults & Health	AH
Highways, Transport & Cleansing Services	HTCS
Children & Young People	CYP
Neighbourhoods, Safety & Inclusion	NSI
Energy, Environment & Waste Services	EE&W
Finance & Resources	F&R
Housing, Planning & Heritage	HPH
Leisure, Culture & Schools	LCS
Strategic Regeneration & Communications	SRC
Skills, Growth & Economic Development	SG&ED

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**Executive Board - 21 September 2021**

<b>Subject:</b>	Corporate Risk and Assurance Register
<b>Corporate Director(s)/Director(s):</b>	Clive Heaphy, Interim Corporate Director for Finance and Resources
<b>Portfolio Holder(s):</b>	Councillor Sam Webster, Portfolio Holder for Finance and Resources
<b>Report author and contact details:</b>	Shail Shah, Head of Audit and Risk 0115 8764245 <a href="mailto:shail.shah@nottinghamcity.gov.uk">shail.shah@nottinghamcity.gov.uk</a>  Caroline Stevens, Principal Risk Specialist 0115 8764346 <a href="mailto:caroline.stevens@nottinghamcity.gov.uk">caroline.stevens@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Corporate Leadership Team Directorate Leadership Teams
<b>Subject to call-in:</b> <input type="checkbox"/> Yes <input checked="" 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 £1,000,000 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>Total value of the decision:</b> Nil	
<b>Wards affected:</b> All	
<b>Date of consultation with Portfolio Holder(s):</b> 7 September 2021	
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input checked="" type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
The report highlights to the Executive Board the top corporate risks to the Council, based on discussions at the Corporate Leadership Team, Leadership Group and with Corporate Directors, including cross-cutting risks and risks escalated from Directorates.	
<b>Exempt information:</b>	
The appendices to this report are exempt from publication under Paragraph 3 of Schedule 12A to the Local Government Act 1972 because they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) 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 the report contains sensitive commercial, financial and contractual details that, if disclosed to potential contractors or partners, would be prejudicial to the Council's commercial position.	

**Recommendation(s):**

- 1 To review the risks and mitigations within the new Corporate Risk and Assurance Register and discuss their relevance, their corresponding risk scores and if any risks need to be added or deleted from the Register.

**1 Reasons for recommendations**

- 1.1 To receive and review a regular report on corporate risks and how they are being managed, and to obtain assurance that the Corporate Leadership Team (CLT) are taking appropriate action on significant risks to strategic objectives.

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

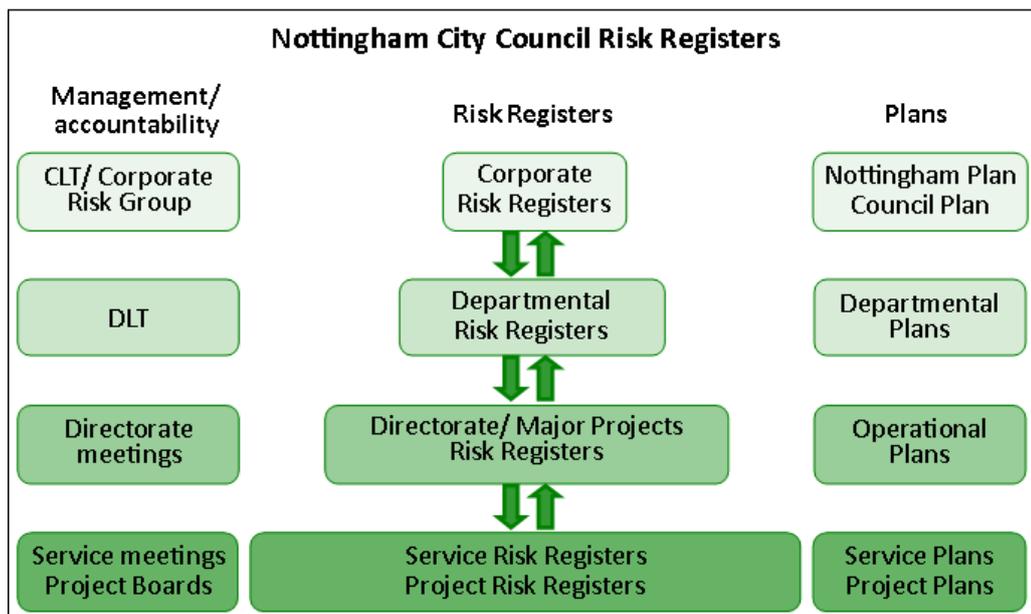
**2.1 Risk Management Framework**

A refreshed Risk Management Framework was implemented in November 2019, and workshops delivered in 2019/20 with the Directorate Leadership Teams (DLTs) to review their risk registers using the revised Framework as the consistent standard. Work has continued to develop the Corporate Risk Registers and a further refresh of the Framework was agreed by CLT in November 2020 and reviewed by Audit Committee in March 2021.

The Framework sets out the Council’s approach to risk management and includes a policy, a strategy and a detailed risk management toolkit, which provides guidance to managers to assist them in undertaking any risk management activities. The document is supported by templates, a quick reference toolkit and an online training module which is made available to officers through the staff intranet.

**2.2 Corporate Risk Approach**

A risk reporting process is in place to support escalation of risk throughout the Council, as required. Risks can move between registers based on seriousness and required oversight and support. The escalation process is shown diagrammatically as follows:



Risks are reviewed by DLTs, CLT and Leadership Group quarterly. The Corporate Register will now be reviewed by Executive Board six-monthly to ensure that the risks

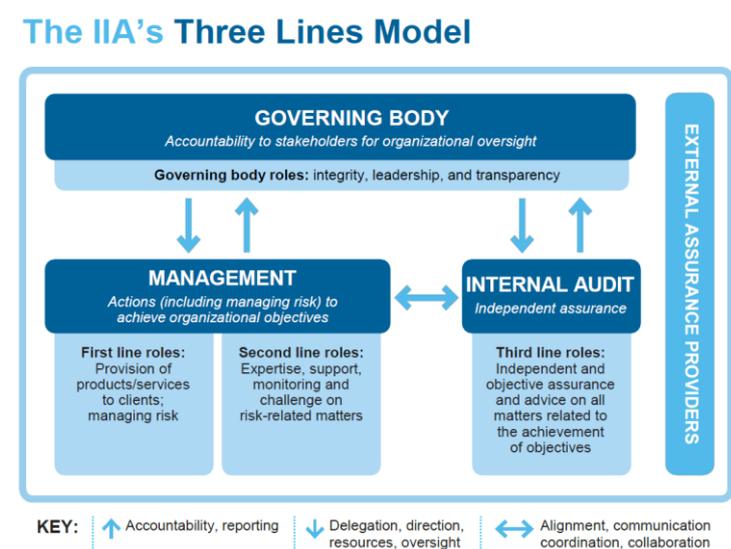
captured in the Register are reflective of risks faced by the Council, and to highlight to Executive Board members the risk profile of the Council. The register is also reviewed by Audit Committee six-monthly to provide assurance that the risk management process in place is appropriate.

Alongside regular review of risk registers at DLTs and CLT, the Risk Team has facilitated risk workshops for all directorates to support risk management and develop existing risk registers, and led risk discussions at Senior Leadership Forum. Risk Management has also been further embedded across the Council through the required review of risk implications for all committee reports and delegated decisions, and awareness raised through the Chief Executive’s blog to all colleagues.

### 2.3 Implementing the New Corporate Risk and Assurance Register

A Risk and Assurance Register has been developed this quarter to provide assurance that all key strategic risk areas are being controlled effectively alongside the management of high level operational risks. The Register has been populated with risks agreed at DLTs and includes risks that were previously reported via the full Corporate Risk Register and High Level Corporate Risk Register.

The aim of the Risk and Assurance Register is to demonstrate the state of effectiveness of the arrangements in place to deliver objectives and in particular to highlight issues that need attention. The Register follows the Three Lines of Defence Model (see image below) and will provide a summary for each strategic and operational risk of all key controls, how they are managed and internal and external assurances available for these.



### 2.4 Audit Committee and Further Assurance

The Audit Committee’s risk management role is to provide assurance on the adequacy of the Council’s Risk Management Framework and the associated control environment by reviewing the mechanisms for assessing and managing risk. This includes ensuring that relevant managers undertake active risk management.

The Audit Committee has established a Risk and Assurance Working Group. The Group has met three times so far and will meet quarterly through 2021. The purpose of the Group is to enable deeper understanding and focus by Audit Committee members on risk management including adopting a risk-focused approach to the work programme.

Risk Management training has been delivered to Audit Committee members. The session was facilitated by a Strategic Risk Consultant at Zurich, as part of the strategic risk management support from our insurers. The training provided an overview of the importance and relevance of Risk Management in achieving the Council's goals, the risk management principles and processes at the Council and the role of the Audit Committee.

Risk Management training has also been delivered to the Audit Committee Chair and Vice Chair. The session was also facilitated by a Strategic Risk Consultant at Zurich, as part of the strategic risk management support from our insurers and the training provided an overview Risk Management principles.

Alongside the review of risk management at Audit Committee, the Risk Management Framework and approach has also been assessed through Internal Audit, the last follow up being completed in 2019 showing an improvement from limited assurance to significant assurance and a new audit currently being finalised showing a similar direction of travel. The Risk Team has also worked with the Council's insurers to review the approach and processes through their strategic risk consultant. The team are members of the Association of Local Authority Risk Managers (ALARM), having access to their resources and network to support benchmarking and are working with core cities to benchmark risk management.

## **2.5 Top Corporate Risks to the Council**

A summary of the top corporate risks to the Council is included as Appendix 1, and the full Corporate Risk and Assurance Register is attached as Appendix 2 for review of the existing mitigations in place and to agree any further actions needed.

## **2.6 Next steps for Strategic Risk Management**

### **2.6.1 Risk Appetite**

A risk appetite statement defines the organisation's attitudes to risk and the types of risk it is willing to accept in pursuit of its objectives. It helps decision-makers at all levels take risks that are appropriate.

To develop a risk appetite statement for the Council, Senior Leadership Management Group members will be surveyed on their perception of risk exposure and appetite across each of the Council's eleven risk categories, and run risk workshops across DLTs to review findings. The feedback at these sessions will then be collated and presented to CLT to review and support in establishing a risk appetite statement for the Council.

Reviewing the findings in a workshop with CLT to create debate, review the existing risk categories and agree their associated appetite is the primary outcome. The workshop will also allow the opportunity to share benchmark data of other similar organisations and their risk appetite levels.

A workshop will then also be arranged following this at Senior Leadership Forum to further embed risk management and the established risk appetite across the Council.

### **2.6.2 Member Training**

Further training for members is planned throughout 2021/22, including:

- further training to Audit Committee members on how to scrutinise risk management approaches;

- training for Portfolio Holders on risk management in their areas of responsibility; and
- training for members providing an overview of risk management.

### 2.6.3 Risk Reporting

Further development of risk and assurance register format and presentation is planned in 2021/22.

### 2.6.4 Online Training

Further review and update of the online training resources for risk management is planned in 2021/22.

## 2.7 Contacts for Strategic Risk Management

- Clive Heaphy, Interim Corporate Director for Finance and Resources  
0115 8763982, [clive.heaphy@nottinghamcity.gov.uk](mailto:clive.heaphy@nottinghamcity.gov.uk)
- Shail Shah, Head of Audit and Risk  
0115 8764245, [shail.shah@nottinghamcity.gov.uk](mailto:shail.shah@nottinghamcity.gov.uk)
- Caroline Stevens, Principal Risk Specialist  
0115 87 64346, [caroline.stevens@nottinghamcity.gov.uk](mailto:caroline.stevens@nottinghamcity.gov.uk)

## 3 Other options considered in making recommendations

- 3.1 To do nothing: this option is rejected as it risks the potential that not all key corporate risks facing the Council are represented and understood within the Register and that Executive Board members are not fully engaged or aware of the Council risk profile.

## 4 Finance colleague comments (including implications and value for money/VAT)

- 4.1 Financial implications are highlighted as potential impacts for each risk included within the Register, alongside an assessment of the impact on finance using the risk matrix. Finance has inputted to related risks within the Register.

## 5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

- 5.1 Legal, Procurement and Risk teams have inputted to related risks within the Register.

## 6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)

- 6.1 Strategic Assets and Property teams have inputted to related risks within the Register.

## 7 Social value considerations

- 7.1 Social value implications are highlighted as potential impacts for each risk included within the Register, alongside an assessment of the impact using the risk matrix.

## 8 Regard to the NHS Constitution

- 8.1 Not applicable.

**9 Equality Impact Assessment (EIA)**

9.1 An EIA is not required because the report does not represent proposals for a new or changing policy, service or function.

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

10.1 None.

**11 Published documents referred to in this report**

11.1 None.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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