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Nottingham City Council Trusts and Charities Committee

Date: Monday, 28 March 2022

Time: 1.00 pm

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

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

Director for Legal and Governance

Governance Officer: Mark Leavesley

Direct Dial: 0115 876 4302

- 1 Apologies for absence**
- 2 Declarations of interests**
- 3 Minutes** 3 - 6
Last meeting held on 20 December 2021 (for confirmation)
- 4 Bridge Estate - Budget 2022/23 +** 7 - 10
Report of Corporate Director of Finance and Resources
- 5 Bridge Estate Charity - property update** 11 - 16
Report of Director of Economic Development and Property
- 6 Exclusion of the public**
To consider excluding the public from the meeting during consideration of the remaining item(s) in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information
- 7 Transfer of operation of The Nottingham Tennis Centre to the Lawn Tennis Association** 17 - 32
Report of Director of Sport and Culture
- 8 Exempt minutes** 33 - 34
Last meeting held on 20 December 2021 (for confirmation)
- 9 Exempt appendix - Bridge Estate property update** 35 - 48

If you need any advice on declaring an interest in any item on the agenda, please contact the Governance Officer shown above, if possible before the day of the meeting

Citizens attending meetings are asked to arrive at least 15 minutes before the start of the meeting

Citizens are advised that this meeting may be recorded by members of the public. Any recording or reporting on this meeting should take place in accordance with the Council's policy on recording and reporting on public meetings, which is available at www.nottinghamcity.gov.uk. Individuals intending to record the meeting are asked to notify the Governance Officer shown above in advance.

Nottingham City Council

Trusts and Charities Committee

Minutes of the meeting held at Loxley House, Station Street, NG2 3NG, on 20 December 2021 from 1.00 pm - 2.30 pm

Membership

Present

Councillor Samuel Gardiner
Councillor Ethan Radford
Councillor Angharad Roberts (Vice Chair)
Councillor Sajid Mohammed (Chair)
Councillor Andrew Rule
Councillor Rosemary Healy
Councillor Audra Wynter

Absent

Councillor Anne Peach
Councillor Sue Johnson

Colleagues, partners and others in attendance:

Eddie Curry	- Head of Public Realm Services
Tom Fisher	- Estates Surveyor
Mark Leavesley	- Governance Officer
Bevis Mackie	- Principal Surveyor
Dionne Screamon	- Senior Solicitor
Thomas Straw	- Senior Accountant (Capital Programmes)

20 Apologies for absence

Councillor Peach - personal

21 Declarations of interests

None.

22 Minutes

The Committee agreed the minutes of the meeting held on 27 September 2021 as a correct record and they were signed by the Chair.

23 Harvey Hadden & Highfields Financial Statements 2020/21

Thomas Straw, Senior Accountant (Capital Programmes), presented the report, which detailed the final financial outturn 2020/21 for the Harvey Hadden and Highfields Trusts, highlighting any variances from 2019/20.

Resolved to note the 2020/21 outturns and delegate authority to the Chair to sign the final accounts following completion of the Independent Examiners Report.

24 Bridge Estate budget update

Thomas Straw, Senior Accountant (Capital Programmes), presented the report, which detailed the latest position in regards to the Bridge Estate budget, including the current reserve forecast.

In response to a question regarding paragraph 3.1 of the report, the Lister Gate properties' debt position and a potential reduction in grant payment to the City Council, Mr Straw stated that the Bridge Estate has a number of properties in its portfolio and Lister Gate is the only property to have an element of debt associated with it.

It was confirmed that Bridge Estate continues to generate a significant annual surplus, but is currently forecasting a reduced grant payment to the Council, which enables the Trust to meet current charitable objectives and commitments, such as the annual repayment of Lister Gate debt.

Resolved to note the latest budget position and the potential reduction in the grant payable to Nottingham City Council.

25 Bridge Estate property update

Bevis Mackie, Principal Surveyor, presented the report, which detailed the latest position in relation to Bridge Estate properties. A more detailed financial update was given during exempt item 7.

In particular, Nos 34, 36 & 38 Lister Gate were discussed, with attention drawn to the significance of this asset within the portfolio, with options to be considered in due course for potential development as part of a larger development scheme and its context within the wider Broadmarsh redevelopment project.

The Chair advised that the Committee should look to convene in the near future to specifically consider the vision of the Charity and how this may be delivered through its asset portfolio for the long-term.

Resolved to note the update.

26 Exclusion of public

The Committee agreed to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Act.

27 Bridge Estate property update - exempt appendix

Further to item 6, minute 25 above, Bevis Mackie, Principal Surveyor, gave a more detailed update in respect of the property portfolio, including the condition of the properties, potential new/re-gearred leases, financial details and the latest rent arrears position.

Resolved to note the exempt update.

28 Exempt minutes

The Committee agreed the exempt minutes of the meeting held on 27 September 2021 as a correct record and they were signed by the Chair.

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Agenda Item 4

TRUST AND CHARITIES COMMITTEE – 28 March 2022

Title of paper:	Bridge Estate Financial Position and Budget Update	
Corporate Director:	Clive Heaphy Corporate Director of Finance & Resources	Wards affected: All
Report author and contact details:	Tom Straw – Senior Accountant (Capital Programmes) thomas.straw@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Bevis Mackie – Principal Estates Surveyor Dionne Screaton - Senior Solicitor, Contracts and Commercial	
Does this report contain any information that is exempt from publication? No		
Relevant Council Plan Key Outcome:		
Clean and Connected Communities	<input type="checkbox"/>	
Keeping Nottingham Working	<input type="checkbox"/>	
Carbon Neutral by 2028	<input type="checkbox"/>	
Safer Nottingham	<input type="checkbox"/>	
Child-Friendly Nottingham	<input type="checkbox"/>	
Healthy and Inclusive	<input type="checkbox"/>	
Keeping Nottingham Moving	<input type="checkbox"/>	
Improve the City Centre	<input type="checkbox"/>	
Better Housing	<input type="checkbox"/>	
Financial Stability	<input checked="" type="checkbox"/>	
Serving People Well	<input type="checkbox"/>	
Summary of issues (including benefits to citizens/service users):		
Update on the Bridge Estate budget position presented to this Committee on December 2021, and the current reserve forecast.		
Recommendations:		
1	To approve the financial forecast, including the reduced forecast of grant payable to the Council. Including a reduction in grant to the Council by £0.2m as noted at December meeting.	
2	To note the £0.1m Bridge Estate forecast surplus, to be set aside to carry out the capital works as identified in the exempt property appendix.	
3	To delegate authority to the Chair, Vice Chair and Opposition member to approve any significant variation in the actual Bridge outturn position, with all other committee members being notified at the earliest opportunity.	

1. Reason for recommendations

1.1 A review of the Bridge Estates financial position has been carried out by Property Service in consultation with Finance and is detailed in Table 1 and Table 2. As detailed in Table 1 the Bridge Estate is forecasting an in year surplus of £1.1m after the annual commitment to repay £0.2m of Lister Gate debt. This surplus is recommended to be split as following:

- £1.0m Grant to be paid to Nottingham City Council in line with Charitable objectives,
- £0.1m set aside for identified property repairs.

Any variation in final 2021/22 outturn position from Table 1, up to £0.1m will be managed within the Property Repair Reserve, if the variance is greater than £0.1m

recommendation 3 will be triggered. Page 7

2. **Other options considered in making recommendations**

2.1 Bridge Estate use capital receipts or reserves to repay the current years Lister Gate debt and / or cover 2021/22 shortfall. This option was rejected as it is viewed to be not in the best interests of the Trust due to the following:

- The Bridge Repair reserve having a £nil balance at 31st March 2021;
- The property repair reserve fully allocated on current schemes / projects;
- Capital Receipts have not been replenished as forecast, as receipts have slipped into future financial years;
- Financial decisions are required to be made in the best interests of the Trust and as such it is not financially prudent to use reserves for any shortfall at this time.

Further details regarding the reserve balances is detailed in Table 2.

2.2 Reduce the grant to the Council further in 2021/22 (i.e. below the recommended £1.0m) and further replenish Bridge reserves. This option was rejected as the grant to the Council is one of the Charitable objectives of the Trust if there is any residue in income as the Trustee thinks best for the improvement of the City and public benefit of its inhabitants and a further reduction in-year would in turn increase the pressure within the Council. Please note paragraphs 5.3 and 5.4 for developments in this area.

2.3 The committee has the opportunity to re-prioritise the works as detailed in Table 2 and defer elements of the Century House project until further funding is available. This would mean an additional £0.1m transfer to reserves would not be required. This deferrable would increase the grant payable to the Council by c£0.1m to £1.1m. However, this deferral of works is not recommended due to inflationary risk.

3. **Consideration of Risk**

3.1 Bridge Estate has debt in relation to the Lister Gate properties, outstanding debt at 31st March 2022 is £2.2m. The budget for 2022/23 is predicated on sufficient capital receipts not being received in 2022/23 to cover the annual debt repayment of Lister Gate meaning rental income generated in year will have to cover the annual repayment cost.

3.2 Should the forecast receipts be secured the Committee will be required to make a decision in the future regarding whether the receipts are used for the repayment of debt or to meet other Bridge Estate commitments.

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

4.1 This report is an integral part of the Bridge Estates financial monitoring and financial reporting. While enabling the Committee to be aware of the Bridge estates financial position and therefore allows any appropriate decisions or actions to be taken in their role as trustee.

5. **Finance colleague comments (including implications and value for money)**

5.1 The Bridge Estate revenue forecast has been refreshed from the reported position at December 2021. Table 1 below details the in year Quarter 4 movements, in relation to future years the prudent assumption on grant paid to the Council is based on capital receipts not being secured and Lister Gate debt is repaid from revenue generated resources (as detailed in section 3.1).

Table 1: Bridge Estate Revenue Forecast						
	Current Forecast			December 2021 Forecast		
	2021/22 £m	2022/23 £m	2023/24 £m	2021/22 £m	2022/23 £m	2023/24 £m
Rental Income	(1.938)	(1.590)	(1.544)	(1.715)	(1.590)	(1.544)
Property Costs	0.409	0.146	0.195	0.287	0.146	0.195
Operating Costs	0.167	0.167	0.167	0.167	0.167	0.167
Contribution to Bridge Repairs	0.082	0.082	0.082	0.082	0.082	0.082
Net Position	(1.300)	(1.195)	(1.100)	(1.179)	(1.195)	(1.100)
Lister Gate Debt Costs	0.180	0.180	0.180	0.180	0.180	0.180
Transfer to Reserves for Property Repairs	0.120	TBC	TBC	-	-	-
Bridge Estate Surplus (*)	(1.000)	(1.015)	(0.920)	(0.999)	(1.015)	(0.920)

(*) Historically Bridge Estate has paid a **£1.5m** grant to the Council

- 5.2 For 2021/22 Bridge Estate was originally forecasting paying the Council a grant of **£1.2m** as indicated in **Table 1** this is recommended to be reduced by **£0.2m** to **£1.0m**.
- 5.3 In relation to the forecast surplus in 2022/23, an exercise is going to be carried out to set up a mechanism whereby an element of the Bridge Estate surplus is to be set aside within its reserves. This is a change in policy and which mean a reduction in grant paid to the Council.
- 5.4 It is planned from April 2023 the Council will have removed Bridge Estates contribution from its base budget. However, it is still envisaged that a significant grant will be payable to the Council on an annual basis, subject to the Trusts compliance with its objectives but it gives the Trust greater emphasis on investment in relation to its portfolio of properties.
- 5.5 The above short and medium term forecast could change significantly if any tenant break / lease expiry assumptions differ to actual activity. The forecast rental decrease from 2021/22 and future years is due to current situation regarding Lister Gate.
- 5.6 Table 2 below details the current position with regards to the Bridge Estate reserves.

Table 2: Bridge Reserves					
	Bridge Repair Fund £	Asset Repair Fund £	Un-Earmarked Reserve £	Capital Receipt Reserve £	TOTAL £
Balance 31 March 2021	-	284,633	88,831	105,711	479,175
Commitments					
Governors House	-	(202,545)	-	-	(202,545)
Century House	-	(82,088)	(80,625)	-	(162,713)
Wheeler Gate - ventilation	-	-	-	(28,083)	(25,100)
Castle Bridge (*)	-	(100,000)	-	-	(100,000)
Reserve Contribution 21/22	82,400	120,000	-	-	202,400
Available / Uncommitted Balance	82,400	20,000	8,206	80,611	191,217

(*) Per recommendation within Property exempt appendix.

6. Legal colleague comments

- 6.1 As the Charitable Objectives of the Bridge Estate focus primarily on the effective maintenance and repair of Trent Bridge, the budget is a key part of the framework for the financial management of the Trust. It is paramount for the finances to be monitored and reported upon so that the Trust is able to ensure compliance with its Charitable Objectives and to ensure appropriate financial contingencies are provided for.

- 6.2 This report notes that the proposed forecast is lower than anticipated and accordingly, it is prudent for the Trust to consider that the financial contribution it provides to the Council is also reduced. “Applying the residue of any income as the Trustee thinks best for the improvement of the City of Nottingham and public benefit of its inhabitants” is one of the three objectives of the Trust. The Trust must balance this with the other two objectives alongside the actual financial position of the Trust in determining the most appropriate use of the income, in the best interest of the Trust.

Dionne Scream, Senior Solicitor, Contracts and Commercial - 11 March 2022

7. Other relevant comments

- 7.1 The property portfolio provides the Bridge Estate Charity the financial means to ensure compliance with its Charitable Objectives. The portfolio remains subject to an ongoing comprehensive strategic asset management review to ensure a sustainable, balanced and fit for purpose asset base which is capable of meeting the Bridge Estate’s financial commitments for the long-term. Decisions regarding the allocation of revenue and capital funds will therefore need to consider the actual financial position.

8. Equality Impact Assessment (EIA)

- 8.1 An EIA is not required because the report does not relate to new or changing policies or services.

9. Data Protection Impact Assessment (DPIA)

- 9.1 A DPIA is not required because this decision does not include any sensitive data.

10. Carbon Impact Assessment (CIA)

- 10.1 A CIA is not required because this decision is financial information only and has no CIA impact

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

- 11.1 None.

12. Published documents referred to in this report

- 12.1 Trust & Charities Committee Report (20 December 2021) – Bridge Estate Financial Position and Budget Update

Trusts and Charities Committee - 28 March 2022

Title:	Bridge Estate Property Update Report	
Director:	Nicki Jenkins Director of Economic Development and Property	Wards affected: Various
Report author and contact details:	Bevis Mackie – Principal Surveyor 0115 876 3635 Bevis.Mackie@nottinghamcity.gov.uk	
Other colleagues providing input:	Dionne Scream – Solicitor (Contracts and Commercial Team) Tom Straw – Senior Accountant, Capital Programmes	
Does this report contain any information that is exempt from publication?		
<p>An appendix to the report is exempt from publication under paragraphs 3 and 5 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial/business affairs of the Bridge Estate Charity and which could be subject to legal privilege and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p> <p>It is not in the public interest to disclose this information because it would prejudice the Bridge Estate Charity’s negotiating position and reveal commercially sensitive information.</p>		
Relevant Council Plan Key Outcome:		
Clean and Connected Communities	<input type="checkbox"/>	
Keeping Nottingham Working	<input type="checkbox"/>	
Carbon Neutral by 2028	<input type="checkbox"/>	
Safer Nottingham	<input type="checkbox"/>	
Child-Friendly Nottingham	<input type="checkbox"/>	
Healthy and Inclusive	<input type="checkbox"/>	
Keeping Nottingham Moving	<input type="checkbox"/>	
Improve the City Centre	<input type="checkbox"/>	
Better Housing	<input type="checkbox"/>	
Financial Stability	<input checked="" type="checkbox"/>	
Serving People Well	<input type="checkbox"/>	
Summary of issues (including benefits to citizens/service users):		
The report sets out the key property events that have taken place or are proposed for the Bridge Estate Charity since the date of the last meeting.		
Recommendation:		
1	That the committee notes the updates relating to the individual Bridge Estate properties and approves any recommended actions set out in the exempt appendix.	

1. Reasons for recommendations

- 1.1 Appended to this report is a schedule setting out the recent activity or proposed actions relating to the individual properties within the Bridge Estate portfolio. Where appropriate, specific legal and financial considerations are detailed alongside the surveyor’s update to the committee.

2. **Other options considered in making recommendations**

2.1 None.

3. **Consideration of Risk**

3.1 Charity Commission guidance states that the Trust may purchase and lease property for the Charity to generate income to meet its purposes, but Trustees must make sure that it is in the Charity's best interests. Trustees are responsible for protecting the Charity's money and assets. Therefore, Trustees should satisfy themselves that:

- the property is suitable for its needs
- the price is fair, or even discounted, compared with similar properties to the market;
- they understand any legal obligations relating to the land, such as planning restrictions;
- any loan or mortgage terms are reasonable and competitive

3.2 Consideration to risk and mitigation where applicable are addressed within the appendices to this report.

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

4.1 Not applicable.

5. **Finance colleague comments (including implications and value for money)**

5.1 Comments provided within exempt appendix.

6. **Legal colleague comments**

6.1 Comments provided within exempt appendix.

7. **Other relevant comments**

7.1 None.

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

8.1 N/A

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

9.1 N/A

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

10.1 N/A

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

11.1 An EIA is not required because in accordance with Section B1, no EIA is needed as there is no impact to service, community or policy

12. Data Protection Impact Assessment (DPIA)

12.1 A DPIA is not required because the report is not concerned with the processing of sensitive data.

13. Carbon Impact Assessment (CIA)

13.1 A CIA is not required because there are no decisions within the report which could require a CIA to be undertaken.

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

14.1 None.

15. Published documents referred to in this report

15.1 None.

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Appendix 1

Bridge Estate Portfolio Update

Item	Property name and address	Surveyors Update	Finance comments	Legal comments	Action required
1	34 Lister Gate, NG1 7DD	The premises are marketed 'to let' with FHP Property Consultants in aim of securing a short-term letting.	no additional finance comments	no additional legal comments	To note
2	38 Lister Gate	The premises are marketed 'to let' with FHP Property Consultants in aim of securing a short-term letting.	no additional finance comments	no additional legal comments	To note
3	24-30 Castle Gate, NG1 7AT	The premises are marketed by Innes England 'For Sale / To Let'.	no additional finance comments	no additional legal comments	To note
4	Governor's House & Judges Retiring Rooms, High Pavement, NG1 1HN	Terms for lease have been agreed with a prospective tenant, solicitors are instructed with the lease expected to complete following the completion of various works Spring 2022.	no additional finance comments	no additional legal comments	To note
5	1 st , 2 nd and 3 rd Floor, Century House, 8–18 Chapel Bar, NG1 6JD	The premises are being marketed 'To Let' by HEB Surveyors.	no additional finance comments	no additional legal comments	To note
6	Former Eon Offices, Building 1, Woolsthorpe Depot	The premises remain on the market available 'To Let' with Innes England.	no additional finance comments	no additional legal comments	To note
7	Ground Floor, 5 Castle Bridge Office Village, Lawrence Way, NG7 1GE	The premises are marketed available 'to Let' by HEB surveyors.	no additional finance comments	no additional legal comments	To note

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