Nottingham City Council

Executive Board

Minutes of the meeting held remotely via Zoom - https://www.youtube.com/user/NottCityCouncil on 12 March 2021 from 1.15 pm - 1.30 pm

Membership

Present	Absent
Councillor David Mellen (Chair)	Councillor Dave Trimble
Councillor Sally Longford (Vice Chair)	Councillor Adele Williams
Councillor Cheryl Barnard	Councillor Linda Woodings
Councillor Eunice Campbell-Clark	
Councillor Neghat Khan	
Councillor Rebecca Langton	
Councillor Sam Webster	

Colleagues, partners and others in attendance:

Councillor Kevin Clarke
Councillor Andrew Rule

Mel Barrett	-	Chief Executive
Clive Heaphy	-	Strategic Director of Finance
Chris Henning	-	Corporate Director for Development and Growth
Catherine Underwood	-	Corporate Director for People
Hugh White	-	Corporate Director for COVID Response and Recovery
Kate Morris	-	Governance Officer

Call-in

Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 19 March 2021. Decisions cannot be implemented until the working day after this date.

87 Apologies for absence

Councillor Dave Trimble	- Personal
Councillor Adele Williams	- Council Business
Councillor Linda Woodings	- Leave

88 Declarations of interests

None

89 Request to the Ministry for Housing Communities and Local Government (MHCLG) to capitalise revenue costs (capitalisation) - Key Decision

The Chair of the Board agreed that this item could be considered as a matter of urgency in accordance with Section 100B(4)(b) of the Local Government Act 1972, because Council submitted a Capitalisation request to the Ministry of Housing, Communities and Local Government (MHCLG) on 23rd December 2020. On the 5th

March 2021 the Council received a response from MHCLG to this request. The Council is required to respond to MHCLG by 12th March 2021 which is prior to the next scheduled Executive Board meeting

This decision is not subject to call in because the Chair of Overview and Scrutiny agreed that the decision is reasonable in all circumstances and should be treated as a matter of urgency because delay cause by a call in period would cause the deadline to be missed

The Board considered the report of the Portfolio Holder for Finance, Growth and the City Centre setting out the request to Ministry of Housing, Communities and Local Government (MHCLG) to capitalise revenue costs and the response received on 5th March 2021. He thanked Council Officers for the speedy work done in the last week and the following points were highlighted during discussion:

(a) The request was submitted to MHCLG following an exceedingly challenging year financially for Nottingham City Council that had come about due to the impact of the Covid 19 pandemic, loss of income from a number of commercial services and the impact of writing of historic debt from Robin Hood Energy;

(b) The Council meeting on 8 March 2021 agreed a balanced budget following an in-year budget process in 2020/21, non essential spending freeze, recruitment freeze and a voluntary redundancy scheme leading to substantial savings. However this has impacted on the level of reserves;

(c) Authorities can usually only borrow on capital, and this deviation from the usual legislation has been requested to help establish a stable medium and long term financial footing for the Coucil. It will allow the Council access to an additional £20million in 2020/21 to spread the cost of revenue services over a longer period;

(d) As set out in the Budget report at the meeting of Council on 8 March 2021 external debt is due to reduce by £150million by 2025. The additional flexibly this capitalisation will give will help the Council to protect the reserve levels, and properly resource the Change and Modernisation programme require to meet the expectation within the Recovery and Improvement Plan;

(e) A number of other Councils have agreed similar capitalisation directions, such as Peterborough, Luton, Eastbourne and Croydon;

(f) Achieving and maintain financial stability is a priority to ensure that support and services are available for the citizens of Nottingham;

(g) This Capitalisation Direction is not a grant, or additional funding, it is the ability to draw down additional borrowing and spread day to day revenue costs over a longer period of time;

The Leader of the Council paid tribute to the hard work of the Portfolio Holders and Council Officers through this process.

The report, and the recommendations made within it, was endorsed by the Chief Executive of Nottingham City Council.

Resolved to:

(1) Note the Secretary of State's current position on capitalisation and agree to accept a capitalisation package in the sum of £35million as requested on 23 December 2020, noting that £20million for 2020/21 is on terms that are certain, and that the balance of up to £15million will be subject to further confirmation from the Secretary of State, subject to demonstrating need and mutually agreeable terms;

(2) Accept a Capitalisation Direction for 2020/21 for £20million on terms set out in appendix A of the report published with the agenda;

(3) Note that the Secretary of State is minded to issue a Capitalisation Direction for 2021/22 later in the financial year subject to evidence of ongoing need and to certain conditions being met as set out in Appendix B and paragraph 2.6 of the published report;

(4) Delegate authority to the Strategic Director of Finance in consultation with the Portfolio Holder for Finance, Growth and City Centre, to make the necessary accounting adjustments in 2020/21 and 2021/22.

Reason for decision

In order to ensure financial resilience and deliver a major change programme to transform its services the Council needs access to additional financial resources. Capitalisation will allow the Council access to these funds, which in turn will allow the Council increased financial stability.

Other options considered

Not accepting the Capitalisation Direction would leave the Council exposed to financial risks from Covid 19, service pressure and adverse trading conditions faced by its wholly owned companies. It would not be able to fund the Change programme and would negatively affect the ability to deliver statutory and non-statutory functions within a cost envelope that is affordable over the medium term. For these reasons this option was rejected.