

Nottingham City Council

Executive Board

Minutes of the meeting held in the Tea Room, at the Council House on 28 April 2022 from 3.15 pm - 3.46 pm

Membership

Present

Councillor David Mellen (Chair)
Councillor Sally Longford (Vice Chair)
Councillor Neghat Khan
Councillor Adele Williams
Councillor Sam Webster
Councillor Kevin Clarke
Councillor Andrew Rule

Absent

Councillor Cheryl Barnard
Councillor Eunice Campbell-Clark
Councillor Rosemary Healy
Councillor Linda Woodings

Colleagues, partners and others in attendance:

Nancy Barnard - Governance and Electoral Services Manager
Frank Jordan - Corporate Director for Resident Services
Sajeeda Rose - Corporate Director for Growth and City Development
Malcolm Townroe - Director of Legal and Governance
Catherine Underwood - Corporate Director for People
Mel Barrett - Chief Executive

Call-in

Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 10 May 2022. Decisions cannot be implemented until the working day after this date.

127 Apologies for Absence

Councillor Cheryl Barnard – Unwell
Councillor Eunice Campbell-Clark – Personal Reasons
Councillor Rosemary Healy – Leave
Councillor Rebecca Langton – Maternity Leave
Councillor Linda Woodings – Other Council Business

128 Declarations of Interests

None

129 Minutes

The non-exempt minutes of the meeting held on 22 March 2022 were agreed as a correct record and were signed by the Chair.

130 External Review of Housing Financial Management and Council Response

The Chair of the Board agreed that this item, although not on the original agenda, could be considered as a matter of urgency in accordance with Section 100B(4)(b) of the Local Government Act 1972, because the business cannot be deferred, as it outlines significant issues that have been identified relating the management of the Housing Revenue Account that require urgent and decisive action. The report outlines the proposed actions and controls that need to be put in place to address the issues that have been identified. There is also a need to provide timely assurance to all stakeholders including members, tenants, taxpayers, the Improvement and Assurance Board and government that the issues that have been identified are accepted by the Council and that appropriate action will be taken urgently to address them. Waiting until to the next scheduled Executive Board meeting in May will undermine that assurance and therefore the matter needs to be taken as urgent business.

The Board agreed to amend the published agenda order to take this item as the first substantive item.

In the absence of the Portfolio Holder for Housing Planning and Heritage, the Leader of the Council presented a report on the outcome of two external reviews of into management of the Housing Revenue Account (HRA) and the Council's response to those reviews. The following points were discussed:

- (a) Following the reporting at Full Council of money from the HRA being misattributed, two reports were commissioned from the Chartered Institute for Public Finance Accounting (CIPFA) and Richard Penn to establish whether there were any further issues to be addressed. The reports have identified further problems and the report identifies the Council's response to rectify matters and provide assurance to the Improvement and Assurance Board.
- (b) One response is to begin the process to bring Nottingham City Homes (NCH) in house. This is not unusual and many other local authorities have already made the decision to bring their housing services back under direct Council control. It is also in-keeping with the Council's ongoing wider review of Council-owned companies.
- (c) The Council is keen to ensure a smooth transition from NCH to the Council with good engagement with tenants and strengthened governance and Overview and Scrutiny arrangements. NCH staff will transfer to the Council.
- (d) Possible ongoing arrangements for the monitoring of HRA spend were put forwards and will form part of ongoing discussions.

Resolved to:

- (1) receive and note the Key Findings Report from Richard Penn following his independent investigation**
- (2) receive and note the further work undertaken by CIPFA (including appendices relating to workstreams A and B)**

- (3) note that the current organisational arrangements between the NCC and NCH do not provide officers sufficient assurance that the HRA ring fence can be adequately protected under existing arrangements, and in turn councillors have been unable to gain the required level of assurance in relation to the HRA ring fence**
- (4) authorise the Corporate Director of Finance and Resources and Section 151 Officer, following the receipt of further work from CIPFA outlined in the report, to seek a Ministerial Direction from government to repay in aggregate up to £40 million from the General Fund to the HRA (subject to any mitigations to reduce this sum)**
- (5) note the options and key lines of enquiry for funding the rectification of the breach to the HRA ring fence and to note that there will be an impact on the 2022/23 – 2025/26 MTFP which will be reported to Executive Board and/or Full Council in due course**
- (6) approve, the serving of a 12 months' Notice to Terminate on NCH in respect of its housing functions and to take over direct management of council housing from the expiry of that notice period or sooner by agreement**
- (7) note that there will be engagement with tenants and leaseholders to ensure a smooth transition and continuity of service about ongoing service provision. This will include how the voice of tenants will be heard by Nottingham City Council as the landlord after the service is brought under direct control**
- (8) authorise the Corporate Director of Growth and City Development to take such steps as may be necessary to deliver an effective transfer of housing management functions back to the Council, in consultation with the Portfolio Holder for Housing, Corporate Director of Finance and Resources and Section 151 Officer and Director of Legal and Governance and Monitoring Officer. This to include, amongst other things, arrangements for the protection of employment rights for NCH staff through TUPE transfer, arrangements for effective tenant and leaseholder engagement and empowerment in the decision making about services, and the transfer of relevant third party contracts and any other relevant arrangements as may be necessary to support an effective transition.**
- (9) authorise the Corporate Director of Growth and City Development to take such steps as may be necessary to affect such short term and practical arrangements in relation to the governance arrangements of NCH to facilitate an effective transition, in consultation with the Portfolio Holder for Housing, Corporate Director for Finance and Resources and Section 151 Officer, the Corporate Director of Resident Services (in their capacity as the shareholder representative for NCH) and Director for Legal and Governance and Monitoring Officer, including positive liaison with the NCH Board and effecting any changes that may be necessary to the Articles of Association of NCH and Board appointments**

- (10) delegate to the Corporate Director of Growth and City Development a provisional budget of £750,000 to deliver on the above recommendations from HRA funds, as a proper use of those funds, in consultation with the Portfolio Holder for Housing, Corporate Director for Finance and Resources and Section 151 Officer and Director for Legal and Governance and Monitoring Officer**
- (11) note that a report is brought back to Executive Board and subsequently to Full Council to identify arrangements for a greater level of councillor engagement in overview and scrutiny arrangements for policy development, priority setting and holding to account for performance in relation to housing management matters, following the return of management of the council's housing stock to the council**
- (12) note that the Overview and Scrutiny Committee will receive update reports to enable the implementation plan and consultation arrangements to be reviewed during the transition through the Council's scrutiny arrangements.**

- **Reasons for the decisions**

To ensure robust, swift and decisive action to address acts of unlawfulness in relation to breaches of the HRA ring fence by the Council including through its arrangements with NCH.

To provide timely assurance to all stakeholders including members, tenants, taxpayers, the Improvement and Assurance Board and government that the issues that have been identified are accepted by the Council and that appropriate action will be taken urgently to address them.

- **Other Options Considered**

An alternative approach would be to retain NCH as an Arms Length Management Organisation and to explore with its management the necessary improvements that the Council requires to be made. This approach has been rejected as the governance and financial controls are not fit for purpose. CIPFA have advised that they have seen no evidence from NCH of an appetite to ring-fence HRA funding and expenditure from its non-HRA activities, and moreover NCH considers that it has no obligation to ring fence HRA funds. Given the seriousness of the issue and gravity of the situation that the Council faces, in the light of evidence received this alternative approach is considered untenable and has been rejected.

131 Key Decision - Household Support Fund April - September 2022

In the absence of the Portfolio Holder for Leisure, Culture and Schools the Portfolio Holder for Finance and Resources presented a report on Nottingham City Council's allocation of £3,556,933 in the latest Household Support Fund (HSF), which aims to support citizens with rising household costs. The following points were discussed:

- (a) The allocation covers the period from April to September 2022 and must be divided between households with children and pensioner households with one third to be allocated at the discretion of the authority.
- (b) The Council has an established working group to make recommendations upon the allocation of funds and has previously funded supermarket vouchers, loans, foodbanks and energy vouchers.

Resolved to:

- (1) accept the £3,556,933 grant from the Government for HSF grant allocation and enter into any associated grant agreement with the Government**
- (2) approve that the existing working group will make recommendations about how the grant should be allocated and to take these recommendations to Leadership Group for consideration and agreement**
- (3) delegate authority to the Corporate Director for People to allocate the grant, in accordance with recommendation 2, which will be subject to the Council's Contract Procedure Rules and in accordance with the grant conditions from government**
- (4) approve the purchase of supermarket vouchers via the Crown Commercial framework.**

- **Reasons for decisions**

The HSF replaced the Covid Household Support Grant in 2021 and aims to provide those in need with financial support. The Department for Work and Pensions devolve this funding to Local Authorities as we are best placed to understand the needs of our citizens.

A working group was established in 2020 to look at how these grants could be allocated with representatives from Finance, Catering, Customer Services, Education, People's, Communities and Marketing and Communications. This will be expanded for the latest fund to ensure more groups are represented and that the interaction with other grants are known and considered.

This working group model will continue and approvals relating to this grant will continue to be delegated to the Corporate Director for People.

Throughout the lifetime of these grants the Council has administered vouchers which can be redeemed in supermarkets and it is proposed to continue with this arrangement again, using the framework RM6255, to procure any supermarket vouchers in time to support this scheme.

- **Other Options Considered**

Nottingham City Council does not have to accept this funding, but this is not an option we would consider because this support is needed by Nottingham residents.

132 Levelling Up and Devolution

The Leader of the Council presented a report providing an update on levelling up and the potential devolution of powers from Government. The following points were discussed:

- (a) Following the publication of the Levelling Up White Paper the city, with partners has an opportunity to apply for a devolution deal. Options are being explored with Derby City, Derbyshire and Nottinghamshire County Councils with an initial expression of interest having been submitted to government. Negotiations are ongoing with the possibility of a combined authority with an elected mayor being explored.
- (b) A devolution deal would be an opportunity for the city to have parity with other core cities which already have devolution deals.

Resolved to:

- (1) note the opportunities arising from the Levelling Up White Paper through the devolution framework, which could benefit local communities through greater investment and flexibilities for our area**
- (2) approve continued negotiations with Government about a potential devolution deal**
- (3) subject to successful discussions with Government and the other D2N2 authorities, to note a further report will be brought to Executive Board in due course seeking a final decision on any proposed devolution deal and associated governance model.**

- **Reasons for decisions**

The context in which the city operates has never been more challenging. The impact of COVID-19 will be serious and long lasting in terms of our economic resilience and financial sustainability. The Council needs to explore opportunities created by Government to secure funding, freedoms and flexibilities to achieve the best possible outcomes for its citizens.

We have seen regions such as London, the North West and the West Midlands benefit from the introduction of directly elected mayors and combined authorities, with increased influence at Government level, opportunities to leverage funding and greater flexibility in terms of decision making at a local level. The East Midlands has undoubtedly 'missed out' as a result of not having access to the same level of funding and freedoms, and whilst joint strategic working has been explored informally within recent years, it has not come to fruition. This is being revisited in light of the new devolution framework.

Where our goals as a Council align with the Government's Levelling Up missions, devolution provides the prospect of access to greater funding and the opportunity to collectively tackle deep seated inequalities across the region.

- **Other Options Considered**

The Council could choose not to pursue any aspect of devolution however this would fail to maximise the opportunities in terms of investment and flexibilities that would benefit local communities, hence it is not considered a viable option.

133 Corporate Risk and Assurance Update

The Portfolio Holder for Finance and Resources presented a report on the refreshed Risk Management Policy and Framework and the top corporate risks to the Council, including cross cutting risks and risks escalated from directorates. The following points were discussed:

- (a) The Framework sets out the Council's approach to risk management and includes a policy, a strategy and a detailed risk management toolkit. The policy states that the Council is committed to the proactive management of risks, outlines the Council's active promotion of the principles of effective risk management and includes the risk appetite statements agreed by CLT. The strategy sets out the aims, principles and objectives for risk management, how the framework will be communicated, including training, delivery, monitoring and an action plan. The toolkit provides guidance to managers, to assist them in undertaking any risk management activities.
- (b) The measures support the Council in understanding, mitigating and managing risk.

Resolved to:

(1) note the refreshed Risk Management Policy and Framework

(2) note the risks and mitigations within the Corporate Risk and Assurance Register, their relevance and their corresponding risk scores.

- **Reasons for Decisions**

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

- **Other Options Considered**

To do nothing: this 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's risk profile.

134 Change to Executive Appointments

The Leader of the Council announced that Councillors Eunice Campbell-Clark, Rosemary Healy and Sam Webster would be standing down from the Executive in May and that Councillor Sally Longford, while remaining a member of the Executive, would be standing down from the role of Deputy Leader. The Board recorded their thanks to the Councillors for their service to the Council, the City and its people.

135 Exclusion of the Public

The Board decided to exclude the public from the meeting during consideration of the remaining agenda 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 Paragraph(s) 3 and 5 of Part 1 of Schedule 12A to the Act.

136 Corporate Risk and Assurance Update - Exempt Appendices

Resolved to note the exempt appendix to item 8

137 Exempt Minutes

The Committee confirmed the exempt minutes of the meeting held on 22 March 2022 as a correct record and they were signed by the Chair.