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7 July 2022

Dear Max

PROPOSED INTERVENTION – NOTTINGHAM CITY COUNCIL

Thank you for your letter of 23 June 2022 confirming the Secretary of State is minded to intervene in Nottingham City Council and outlining the terms of the proposed intervention package. Your letter also invited the council to make representations prior to a final decision being made and these representations are set out below.

Over the last 18 months the council has been undertaking a comprehensive organisation wide transformation and improvement programme, arising from the need to respond to the failures of governance in relation to Robin Hood Energy. We have understood that the seriousness of the issues and the need for improvement was not centred on a narrow technical issue of an individual company, but on the underlying way that we do things and we have sought to do this in an open and transparent way.

“Together for Nottingham” is our overarching improvement programme, which has benefitted from the input, support and challenge from our Improvement and Assurance Board (IAB), chaired by Sir Tony Redmond. Solid progress has been made including the development and adoption of a 4-year Medium Term Financial Plan, improved governance and decision making supported by greater clarity around member officer relationships, together with positive progress being made on our large scale transformation and improvement programmes. Whilst acknowledging there is more to do these significant achievements have been acknowledged by the IAB. We believe that the current support arrangements in place through the IAB are working well and it would be the council's preference that these arrangements remain in place.



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Cultural change in an organisation takes time, we believe the changes we have made (and will continue to make) show the organisation to be very different to the one it was a few years ago. The council identified the HRA issue and was immediately seized on the need to take prompt and serious action to put things right which it has done, and this is borne out by Richard Penn's Independent Investigation Report which states,

"This episode has of course been a disappointing setback for the Council on its improvement journey which has centred on improving strategic financial management and governance – poor examples of both have been identified through this investigation. Notwithstanding that the issue has been identified and dealt with by the Council itself, clearly demonstrates that the improvement journey is very much on track, and that there has been a sufficient shift in organisational culture that NCC senior officers have exposed the issue, spoken 'truth to power', and elected members have responded positively with a resolve to put things right as evidenced by the recommendations unanimously passed at the Extraordinary Full Council meeting held on 4 January 2022. The Council knows full well what 'good' looks like and has been determined to not put itself in the position of requiring the Improvement and Assurance Board or Commissioners to identify any wrongdoing and then put it right."

Through improved strategic financial management and resultant improved financial resilience, as evidenced through a strengthened reserves position, the council has identified an appropriate funding strategy to repay the HRA, and has recently sought the required Ministerial Direction to repay funds into the HRA. This has been achieved without seeking exceptional financial support from government.

In relation to council companies, the council's housing management function is now subject to strengthened governance and controls. Furthermore the council is working to an accelerated timescale which will bring housing management under the council's direct management by the end of this financial year. The council has recently completed the sale of Thomas Bow Limited, a highways management business it acquired a few years ago, and Enviroenergy the council's District Heating company was brought back in-house successfully earlier this year. These positive steps have reduced the council's risk exposure in relation to council controlled companies.

The council continues to work well with the IAB and whilst the council's preference would be to continue with this non-statutory IAB arrangement, in the event that government decides to appoint Commissioners to oversee the authority, the council would be supportive of Sir Tony Redmond being appointed Lead Commissioner for the reasons set out in your letter. Furthermore, the council would commit to working effectively with commissioners as we have done with the IAB, in order that the intervention can be as successful as possible, in as short a time as possible.

In closing, we would like to thank you for recognising in your letter the progress the council has made, and through the hard work of colleagues the buildings blocks for the Authority's recovery are in place, whilst acknowledging significant challenges lay ahead.

Yours faithfully

A handwritten signature in black ink, appearing to be 'MB', with a long horizontal stroke extending to the right.

Melbourne Barrett
Chief Executive
Nottingham City Council

A handwritten signature in black ink, appearing to be 'D. Mellen', with a long horizontal stroke extending to the right.

Cllr David Mellen
Leader of the Council
Nottingham City Council