

Executive Board – 21st March 2023

Subject:	Update on the Council's response to Statutory Intervention
Corporate Director(s)/Director(s):	Mel Barrett, Chief Executive
Portfolio Holder(s):	Cllr David Mellen, Leader of the Council
Report author and contact details:	Richard Beckett, Head of Major Projects richard.beckett@nottinghamcity.gov.uk
Other colleagues who have provided input:	
Subject to call-in:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Approved by the Chair of Overview & Scrutiny 16/03/23)
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital – Not applicable If Capital, provide the date considered by Capital Board Date:
Total value of the decision:	£2,435,000
Wards affected:	All
Date of consultation with Portfolio Holder(s):	17th March 2023
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 type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>This report provides an update on the council's response to the Statutory Intervention by the Improvement and Assurance Board, noting the report considered at City Council on the 6th March 2023. This report will enable the acceleration of the council's improvement journey in line with the Instructions issued by the Improvement and Assurance Board on the 15th February 2023. The report requests a delegation of certain powers to the Head of Paid Service (Chief Executive) to ensure that the Instructions received from the Improvement and Assurance Board can be delivered within the agreed timescales. These Instructions have the force of law and the council must meet them within set timescales.</p>	
Does this report contain any information that is exempt from publication?	
No	

Recommendations:	
1	To approve the total allocation of £2.435m of funding and resources set out in Appendix One, to deliver the Instructions issued by the Improvement and Assurance Board on the 15 th February 2023. The one-off funding will come from the Councils Financial Resilience Reserve.
2	To delegate authority to the Head of Paid Service (Chief Executive) to allocate the funds identified in Appendix One to enable the delivery of activity to address the Instructions issued by the Improvement and Assurance Board on the 15 th February 2023. The current estimate of allocation of funding to individual Instructions is indicative and this delegation will enable reallocation by the Head of Paid Service where required to deliver the Instructions in full.
3	To note that further investment may be needed subject to the outcome of the DfE funding allocation in relation to Ofsted actions.

1. Reasons for recommendations

- 1.1 The council is currently subject to a Statutory Intervention and was issued with a series of Instructions by the Improvement and Assurance Board (IAB) on the 15th February 2023, which it has to complete to specified deadlines.
- 1.2 In order to ensure the delivery of the Instructions within the set timelines, it is clear that further support will need to be given to a number of activities, which will have cost and resource implications.
- 1.3 The first recommendation creates the financial capacity to ensure the Council has the necessary resources to satisfactorily address the instructions within the timeframes set by the IAB. It should be noted that not all instructions need additional resource investment. Financial capacity does not exist within existing budgets to fund such a resource ask and will therefore be funded from a new drawdown of the Financial Resilience Reserve.
- 1.4 The second recommendation delegates power to the Head of Paid Service (Chief Executive) to utilise the funding identified to deliver the activity required to satisfy the Instructions by the deadlines, including the ability to appoint external resource should this be required.
- 1.5 It should be noted that the figures in Table 2.10 identifying how the funding will be allocated, are indicative. Circumstances may require funding to be moved between headings within the overall budget and the intention is that this delegation gives the Head of Paid Service the ability to do this.
- 1.6 The third recommendation asks Executive Board Members to note that discussions are ongoing with Department for Education (DfE) with regard to the allocation of funding to NCC to support implementation of the Ofsted recommendations. Dependent on the outcome of those discussions, there might be a requirement for further NCC investment to meet the IAB Instruction related to Ofsted implementation within the required timescale.

2. Background (including outcomes of consultation)

- 2.1 On the 2nd September 2022, the Council's Chief Executive received a letter from the Department for Levelling Up, Housing and Communities (DLUHC) that confirmed that the government considered the Council to be failing to comply with its Best Value Duty.
- 2.2 The letter also provided Directions to the council, under Section 15 (5) of the Local Government Act 1999, which placed the Improvement and Assurance Board, the body appointed to oversee the council's improvement journey, onto a statutory footing. This meant that the Improvement and Assurance Board "became empowered to direct, rather than guide, the council's improvement activities", in order to secure the council's compliance with its Best Value Duty.
- 2.3 On the 15th February 2023 the Improvement and Assurance Board exercised these powers through issuing of a series of Instructions to the council. Both the updated position on the Statutory Intervention and the Instructions were noted at the City Council meeting on the 6th March 2023.
- 2.4 The Instructions cover six priority areas which are:
- Governance
 - Finance
 - Transformation
 - Corporate Planning
 - Companies
 - Workforce Culture and Performance Outcome
- 2.5 The Instructions should be seen in the context of the Statutory Intervention, whose mission is to achieve an efficient and cost-effective council delivering Best Value in meeting its statutory duties and policy priorities. In doing so this will bring Nottingham City Council in line with good practice elsewhere in local government.
- 2.6 It is essential that the council understands the Instructions as an integrated whole rather than a series of component parts and applies this methodology to their application.
- 2.7 This will lead to significant changes within the council with, for example, a common Best Value approach being quickly agreed with the Improvement and Assurance Board and robustly and consistently applied to its services.
- 2.8 In order to deliver such far reaching change at the pace required, it is essential that the Head of Paid Service can direct the council's resources, both financial and people, in such a way that the outcomes required by the Instructions can be delivered to the requisite deadlines.
- 2.9 This will be done by reallocating the budgets identified in table 2.10 and delegating to the Head of Paid Service the ability to utilise this funding flexibly and carry out any necessary appointments and procurements to ensure that the Instructions are completed to the required standards and timelines set by the Improvement and Assurance Board.

2.10 A summary is provided below:

Priority area	Summary of requirement	Allocation (£m)
Governance	Acceleration of improvement in decision-making and decision-making system to meet Instruction deadlines	0.070
Finance	Significant acceleration of improvement financial management to meet Instruction deadlines, including working concurrently across three years of accounts, to meet Instruction deadlines	1.260
Transformation	Significant acceleration in design, development and delivery of a consistent best value approach, service reviews, comparative data access and analysis, and best value project delivery, to meet Instruction deadlines	0.605
Corporate Planning	None	0.000
Companies	External expertise to meet accelerated Instruction deadline for improvement in company governance	0.180
Workforce, Culture and Performance Outcomes	Design and implementation of a workforce strategy and plan, pay policy and evaluation to ensure trained, skilled, workforce accommodating fundamental cultural change to a timescale that meets Instruction deadlines	0.320
Total		2.435

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

3.1 The other option would be to respond to the Instructions using the current resource allocations within the council. Whilst the council has achieved significant progress as part of its improvement journey with its activity to date, the Instructions make clear that a lot more work is required at increased pace and within a set timeline. Based on the Instructions and their timescales it is highly unlikely that this will be achieved if the current arrangements are left in place.

4. **Consideration of Risk**

4.1 Failure to deliver satisfactorily against the Instructions to the required timelines will not only delay the council's improvement journey, with implications for how it is delivering its Best Value Duty, but will also lead to an increase in the level of statutory intervention that it is subject to.

5. **Best Value Considerations, including consideration of Make or Buy where appropriate.**

5.1 The council is currently subject to a statutory intervention as the Secretary of State for Levelling Up, Housing and Communities considers it to be failing to comply with its Best Value Duty.

5.2 The report seeks approval to provide the Head of Paid Service with the delegations necessary to enact the Instructions from the Improvement and Assurance Board in

order to move the council to a position whereby it can give assurance that it is fully compliant with its Best Value Duty.

6. Finance colleague comments (including implications and value for money/VAT)

6.1 The 2023/24+ MTFP assumes funding to support Improvement activity to deliver on the requirements of the Together for Nottingham Plan and associated savings. This investment, as shown in Annexe 5 of the [Budget report approved at full Council on 6th March 2023](#) is as follows and does not capture any funding to support the IAB instructions of the 15 February 2023. Table 2 is shown for completeness and is not part of the decision being made through this report but should be considered alongside the resourcing ask.

Table 2: Investment

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2023/24 to 2026/27 £m
PMO	0.789	1.216	0.753	0.011	0.000	0.000	0.764
Training or academy	0.332	0.221	0.000	0.000	0.000	0.000	0.000
Academy backfill	0.027	0.695	1.216	1.277	0.000	0.000	2.493
TOTAL #1	1.148	2.132	1.969	1.287	0.000	0.000	3.256
Customer	0.311	2.029	0.000	0.000	0.000	0.000	0.000
Business Support	0.000	0.600	0.000	0.000	0.000	0.000	0.000
Procurement	0.216	0.405	0.000	0.000	0.000	0.000	0.000
Adults	0.018	0.330	0.185	0.120	0.000	0.000	0.305
Procurement & Commissioning		0.469					0.000
Childrens	0.374	3.634	4.499	0.274	0.502	0.000	5.275
Childrens - Early Help	0.000	0.000	0.167	0.020	0.000	0.000	0.187
Community	0.000	0.000	0.212	0.139	0.000	0.000	0.351
Adults	0.000	0.000	0.183	0.408	0.000	0.000	0.591
Customer Support	0.000	0.000	0.283	0.000	0.000	0.000	0.283
Homelessness	0.000	0.000	0.183	0.000	0.000	0.000	0.183
TOTAL #2	0.920	7.467	5.710	0.960	0.502	0.000	7.172
Contingency		0.261					0.000
TOTAL	2.068	9.860	7.679	2.248	0.502	0.000	10.429
Total 2021/22 to 2022/23	11.928						

6.2 In order to fund this new resource request of £2.435m to address the Instructions, a new funding drawdown will need to be made from the Council's Financial Resilience Reserve. This reserve contains sufficient capacity to meet the funding requirement, but it should be recognised that the Council's overall levels of reserves are very limited, and in effect the use of this reserve

for this purpose continues to place pressure on the Council's overall financial resilience. It should be noted that funding is only for 2022/23 and 2023/24, aligned to the majority of investment being of a one-off nature. Where an ongoing need has been identified for future years, such investment will feed into the MTFP refresh and be managed as part of the corporate planning cycle of the Council.

- 6.3 Where costs are able to be capitalised under the rules, the Council will look to do this to reduce down the investment requirement coming from the Financial Resilience Reserve
- 6.4 The Council's Corporate Director of Finance and Resources will continue to assess the appropriateness of reserves held throughout the end of 2022/23 financial year and throughout 2023/24 and advise on any actions needed to manage the Council's financial position.

(Ross Brown, Corporate Director of Finance & Resources – 17 March 2023)

7. **Legal colleague comments**

- 7.1 The Instructions issued by the Improvement and Assurance Board must be complied with in order to avoid any further statutory intervention. In that context the proposals in the report are considered to be both rational and proportionate in enabling the Head of Paid Service to allocate funding in a timely manner.

(Malcolm R. Townroe, Director of Legal and Governance and Monitoring Officer – 16 March 2023)

8. **Other relevant comments**

- 8.1 Not applicable

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

- 9.1 Not applicable – the reallocation of funding and delegations within this report will be focussed on improvement activity. Should that lead to any changes in policy and / or overall budgetary requirements then further reports will be brought to the appropriate decision making body to consider them.

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

- 10.1 Not applicable the reallocation of funding and delegations within this report will be focussed on improvement activity. Should that lead to any changes in policy and / or overall budgetary requirements then further reports will be brought to the appropriate decision making body to consider them.

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

- 11.1 Not applicable – the reallocation of funding and delegations within this report will be focussed on improvement activity. Should that lead to any changes in policy and / or overall budgetary requirements then further reports will be brought to the appropriate decision making body to consider them.

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

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

No X

An EIA is not required because the reallocation of funding and delegations within this report will be focussed on improvement activity. Should that lead to any changes in policy and / or overall budgetary requirements then further reports will be brought to the appropriate decision making body to consider them.

13. Data Protection Impact Assessment (DPIA)

13.1 Has the data protection impact of the proposals in this report been assessed?

No X

A DPIA is not required because the reallocation of funding and delegations within this report will be focussed on improvement activity. Should that lead to any changes in policy and / or overall budgetary requirements then further reports will be brought to the appropriate decision making body to consider them.

14. Carbon Impact Assessment (CIA)

14.1 Has the carbon impact of the proposals in this report been assessed?

No X

A CIA is not required because the reallocation of funding and delegations within this report will be focussed on improvement activity. Should that lead to any changes in policy and / or overall budgetary requirements then further reports will be brought to the appropriate decision making body to consider them.

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

15.1 None

16. Published documents referred to in this report

16.1 Nottingham City Council: Improvement and Assurance Board Report (2nd February 2023)

[Nottingham City Council: Improvement and Assurance Board report \(2 February 2023\) - GOV.UK \(www.gov.uk\)](#)

16.2 Letter to Nottingham City Council Chief Executive, regarding statutory directions – 2nd September 2022 (Appendix One)

[Nottingham - letter to Chief Executive \(publishing.service.gov.uk\)](#)

16.3 Budget 2023/24, City Council 6th March 2023

[Agenda for City Council on Monday, 6th March, 2023, 2.00 pm - Nottingham City Council](#)

16.4 Update on Statutory Intervention, City Council 6th March 2023

[Agenda for City Council on Monday, 6th March, 2023, 2.00 pm - Nottingham City Council](#)