

Nottingham City Council

Corporate Scrutiny Committee

Minutes of the meeting held in the Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG on 14 February 2024 from 9.32 am to 12.21 pm

Membership

Present

Councillor Leslie Ayoola (Chair)
Councillor Sam Harris
Councillor Patience Uloma Ifediora
Councillor Georgia Power
Councillor Andrew Rule
Councillor Naim Salim

Absent

Councillor Imran Jalil
Councillor Devontay Okure

Colleagues, partners and others in attendance:

Mel Barrett	- Chief Executive
Ross Brown	- Corporate Director for Finance and Resources
Shabana Kausar	- Director of Finance
Adrian Mann	- Scrutiny and Audit Support Officer
Colin Parr	- Corporate Director for Communities, Environment and Resident Services
James Rhodes	- Acting Assistant Chief Executive
Sajeeda Rose	- Corporate Director for Growth and City Development
Damon Stanton	- Scrutiny and Audit Support Officer
Malcolm Townroe	- Director of Legal and Governance
Catherine Underwood	- Corporate Director for People
Laura Wilson	- Senior Governance Officer
Councillor Audra Wynter	- Deputy Leader of the Council and Portfolio Holder for Finance and Human Resources

31 Apologies for Absence

Councillor Imran Jalil	-	work commitments
Councillor Devontay Okure	-	personal reasons

32 Declarations of Interests

None

33 Minutes

The Committee confirmed the minutes of the meeting held on 17 January 2024 as a correct record and they were signed by the Chair.

34 Scrutiny Chairs Catch-Up

Councillor Sam Harris, Chair of the Housing and City Development Scrutiny Committee, and Councillor Georgia Power, Chair of the Health and Adult Social Care Scrutiny Committee, provided an update on the current and future work taking place within their Committee's remits. The following points were discussed:

- a) The Housing and City Development and the Health and Adult Social Care Scrutiny Committees met during January to consider the impacts of the 2024/25 budget proposals on the Growth and City Development directorate and on the Adult Social Care service, respectively. Both Committees considered the proposals within the remits in detail and returned comments and recommendations to the associated Portfolio Holders and Corporate Directors.

The Committee noted the update.

35 Scrutiny of the Budget

Councillor Audra Wynter, Deputy Leader of the Council and Portfolio Holder for Finance and Human Resources; Mel Barrett, Chief Executive; Ross Brown, Corporate Director for Finance and Resources; Colin Parr, Corporate Director for Communities, Environment and Resident Services; Sajeeda Rose, Corporate Director for Growth and City Development; Catherine Underwood, Corporate Director for People; James Rhodes, Assistant Chief Executive; Shabana Kausar, Director of Finance; and Malcolm Townroe, Director of Legal and Governance, presented a report on the development of the overall 2024/25 budget proposals and the Medium-Term Financial Strategy and Plan. The following points were raised:

- a) Following the public consultation on the 2024/25 budget proposals, Scrutiny activity was carried out in relation to both the budget as a whole and the likely impacts on citizens due to the savings put forward within individual service areas. The consultation process ran for a four-week period from 19 December 2023 on 31 proposals, using an online survey and a range of targeted and general engagement events. Over 5,000 responses were returned and work has been carried out to analyse these in terms of both theme and sentiment. Going forward, the response to the consultation will be taken into account when carrying out future consultations to inform delivery planning for the proposals.
- b) Equality Impact Assessments (EIAs) have been carried out for all of the relevant budget proposals to establish an overview of the equality impacts arising. The development of the EIAs is an ongoing process and they will be updated in light of the responses to the public consultation to help inform the ultimate delivery process. The 2024/25 budget proposals do have a significant impact on Council staff, which will require specific consultation with both staff and their Trade Unions. Appropriate mitigation measures will be required to ensure that the proposals do not have a disproportionate impact on specific groups.
- c) The budget proposals were debated by the Executive Board on 13 February, ahead of being submitted to the upcoming Full Council meeting on 4 March. There is a legal requirement under the Local Government Finance Act 1992 for the Council to set a balanced budget for the year. The Council's Improvement and Assurance Board (IAB) has also given instructions that the Council must

maximise the level of savings options delivered to seek to minimise the projected budget gap as much as possible.

- a) The final Local Government Finance Settlement has now been confirmed. Additional funding of £615 million for Local Government has been announced nationally, resulting in an additional £3.2 million for Nottingham. An application for Exceptional Financial Support (EFS) has been submitted to the Government, which would enable the Council to capitalise revenue costs and fund them through asset sales or prudential borrowing, to seek to cover the unfunded 2024/25 budget gap of £41 million. However, this will not solve the budget gap on an ongoing basis, so the Council must develop a sustainable solution to achieving balanced budgets in the long term. There is significant and growing demand for statutory social care services, and inflation and service price increases have resulted in further financial pressures.
- b) Since 2016, Local Authorities have had to rely much more on Council Tax income and specific grants to support social care to deliver their statutory duties, while income from Business Rates has remained relatively static. The Government is considering a revised system for allocating the Local Government Finance Settlement going forward, as many Local Authorities are seeking greater flexibility in funding social care.
- c) The required Statutory Declarations on the robustness of the 2024/25 budget estimates and the adequacy of reserves have been made, and there is some flexibility for responding to unanticipated cost pressures. A full risk assessment process has been carried out on the deliverability of the budget proposals and the forecasts will be continually assessed to ensure that the budget remains robust.
- d) A Medium-Term Financial Plan (MTFP) has also been developed, in addition to appropriate Capital and Treasury Management Strategies. As part of this, it is planned to have fully reimbursed the Housing Revenue Account by around £20 million over an 8-year period.

The Committee raised the following points in discussion:

- e) The Committee asked what changes had been made to the budget proposals as a result of the public consultation. It was reported that a number of the proposals relating to public transport were being reviewed in the context of the establishment of the East Midlands Combined County Authority (CCA). The responses from vulnerable groups of public transport users are being considered very carefully and mitigations are being developed, including offsetting some of the proposed savings as part of the process of the CCA becoming established as the Local Transport Authority.
- f) The Committee queried whether the public consultation had been accessible and achieved a representative and effective response. It was set out that the consultation had taken place within a very restricted timescale, but had been well run and had achieved a significant level of feedback to inform upcoming decision-making and delivery planning. Although targeted engagement had been carried out, the response to the online survey was largely self-selecting. Respondents were able to reply to the 31 proposals individually, but learning has arisen in

terms of potential barriers to accessibility and this will be taken into account when conducting future consultations on the delivery of the proposals.

- g) The Committee considered that the public consultation could have been made more accessible, including through being available in other languages, and that further steps could have been taken to achieve a more representative response. Members expressed concerns that the nature and impacts of the proposals set out in the consultation had not been explained fully and clearly, and that this should be improved in future engagement.
- h) The Committee queried whether the approach to engaging with the Scrutiny process as part of the development of the budget proposals had been timely and fully informed. It was explained that the formulation of a balanced budget for 2024/25 has been an extremely challenging process, and that the Council is in a highly unusual position – particularly in the context of the most recent instructions from the IAB. The timeline for the development of the balanced budget and medium-term financial plan is particularly restricted. The Council's corporate and political leadership has had to propose a scale of savings not seen before, in the current context of needing to deliver ongoing service transformation. Work had to be carried out to ensure that the right information went to the right places at the right time, including the submission of a viable level of detail to Scrutiny to support a fully informed discussion.
- i) The Committee sought assurance that a balanced budget for 2024/25 could be delivered in the context that the significant savings proposed would still leave a substantial budget gap. It was explained that the full 'Duties and Powers' approach taken had generated budget proposals that had been challenged robustly to ensure that they are credible, while also taking into account the cost of investment needs and delivery requirements. Corporate Directors will be directly responsible for ensuring that agreed savings are credible and deliverable within their directorates. The Council must ensure that it continues to deliver the required statutory services while developing real transformation, so a central unit has been established to support transformation across the Council and ensure that savings are achieved.
- j) The Committee expressed concern that the 2023/24 budget had developed a significant gap and queried whether there was confidence in the current 2024/25 budget forecasts. It was set out that budget forecasting is a challenging process and that a number of emerging significant material variations had been experienced within the 2023/24 budget. A great deal of work has been carried to manage cost growth and ensure that increasing and complex needs for statutory services are accounted for, and that there is appropriate investment in place for the delivery of a balanced budget in the following year. All possible planning will be done to ensure that the 2024/25 budget can respond effectively to unforeseen material variations.
- k) The Committee expressed concern in regards to deliverability as some of the specific proposals considered at the individual Scrutiny committee meetings were deemed high risk. The Committee asked how the areas that represented the greatest risk to the effective delivery of the budget proposals would be managed. It was set out that all of the proposals were considered to be deliverable,

however, there is a significant focus on the higher-risk savings proposals and, in some areas, additional mitigating savings have been established. A great deal of work is underway to ensure that the savings to be achieved through effective transformation are delivered within the required timescale. Due diligence processes will be carried out on a continual basis to identify any proposals at risk of not being deliverable and take appropriate mitigation measures.

- l) The Committee asked when a decision would be made on the agreement of EFS, and whether there was a risk of EFS not being granted. It was reported that a decision is expected during the week of 26 February, following the completion of a full assessment by the Department for Levelling Up, Housing and Communities (DLUHC). A great deal of work has been carried out with DLUHC to ensure that the best case has been put forward, but consideration has been given to every possible contingency. The Council's programme of asset sales and the timeliness of realising capital receipts will be vital to ensuring the effective delivery of EFS – with prudential borrowing to be used only as a last resort.
- m) The Committee queried whether any EFS agreed could require the raising of Council Tax above the normal maximum threshold. It was reported that this has been discussed with the DLUHC. Ultimately, if the Government agrees the establishment of EFS, it could stipulate that a proportion of the funding is raised through a greater than normal increase in Council Tax. As the setting of a balanced budget for 2024/25 will require the contribution from EFS, any EFS package offered must be considered as a whole and as an integral part of the overall budget proposals.
- n) The Committee asked what information had been provided to the DLUHC on how difficult it would be for many Nottingham households to pay additional Council Tax, and how the most vulnerable would be protected. It was set out that the Council's existing Council Tax support scheme to protect the most vulnerable will remain in place. The full context of the Council's financial pressures in delivering a balanced budget in the local circumstances has been set out to the DLUHC.
- o) The Committee queried to what extent the savings proposed in discretionary services would increase costs within statutory services, going forward. It was reported that the immediate requirement on the Council is to establish a balanced budget for 2024/25. However, potential future cost pressures are taken into account and full risk assessments have been carried out for each proposal. Where it is identified that a short-term saving would result in a long-term cost, proposals are reviewed and changed. Ultimately, the Council must consider how it can re-shape its delivery of discretionary services at the community level, while ensuring that statutory services are delivered effectively. The real impacts of the 2024/25 budget will be significant, so everything must be done to explore how the Council can re-shape and re-build to mitigate the negative effects on residents.
- p) The Committee expressed concern that savings made in 2024/25 could lead to a rapid increase in costs and queried how potentially escalating pressures in statutory services would be managed, going forward. It was explained that a MTFP has been developed to seek to manage likely service demand growth going forward. Ultimately, the Council must work to deliver a balanced budget in the immediate context and then plan a clear, self-directed transformation and

recovery process for sustainable service delivery in the future on the basis of the resources available – working in close cooperation with communities, stakeholders and partners to ensure that the best outcomes possible are achieved for the most vulnerable people.

- t) The Committee asked whether the spending controls put in place due to the issue of the Section 114 notice had resulted in any savings in the 2023/24 budget, and raised concerns as to whether required spending within statutory services was being approved in a timely way. It was explained that the Section 114 notice has limited discretionary expenditure as part of seeking to ensure a balanced budget for the year. A system is in place to ensure that spending decisions are reviewed effectively at the directorate level and then referred to the Section 151 Officer for authorisation as soon as possible. The financial impacts of the Section 114 notice will be submitted to the Executive Board meeting in March as part of the regular financial reporting process.
- u) The Committee asked what the projected timescales were for the engagement with staff and their Trade Unions on the proposed reduction in jobs. It was reported that initial engagement has started with unions to establish a timeline by the end of February. In the meantime, a workforce EIA is being produced.
- v) The Committee requested that any slides for presentation should be circulated in their final form by at least the day before a given meeting. Members considered that presentations to Scrutiny meetings should provide an overview of the issue for discussion and the key points involved, with the detailed technical information included within the written reports circulated as part of the relevant agenda pack.

The Chair thanked the Portfolio Holder and officers for attending the meeting to present the report and answer the Committee's questions.

Resolved:

- 1) To request that further information is provided on the demographic breakdown of the response to the public consultation on the budget proposals, and that a 'lessons learned' document is produced that will be applied to the future consultations on the delivery of the proposals.**
- 2) To request that an item is added to the Committee's Work Programme ahead of the consultation process for the 2025/2026 budget.**
- 3) To request that further information is provided on the intended approach and timetable for engagement with staff and their Trade Unions regarding the budget proposals that will reduce staff roles.**
- 4) To request that all Equality Impact Assessments are shared, not just the EIA's published as part of the public consultation.**

36 Recommendation Tracker

The Chair presented the latest responses received to the Committee's recommendations from the relevant Portfolio Holders.

The Committee noted the Recommendation Tracker.

37 Work Programme

The Chair presented the Committee's current Work Programme. The following points were discussed:

- a) The Committee's next meeting on 13 March 2024 represents the final meeting of the current municipal year, where it is intended to consider the Council Plan.

The Committee noted the Work Programme.