Nottingham City Council

Executive Board

Minutes of the meeting held at Loxley House, Nottingham on 17 September 2024 from 2.01 pm - 2.28 pm

Membership

Present	Absent
Councillor Neghat Khan (Chair)	Councillor Kevin Clarke
Councillor Ethan Radford (Vice Chair)	Councillor Corall Jenkins
Councillor Cheryl Barnard	Councillor Pavlos Kotsonis
Councillor Jay Hayes	
Councillor Sam Lux	
Councillor Linda Woodings	

Colleagues, partners and others in attendance:

Ross Brown	-	Corporate Director for Finance & Resources
Ekua Ghansah	-	Child Friendly City Nottingham Programme Lead
Beverley Gouveia	-	Head of Property
Lucy Hubber	-	Director of Public Health
Nicki Jenkins	-	Interim Corporate Director for Growth and City Development
Lee Kimberley	-	Head of Sold Services to Schools
Tony McArdle	-	Lead Commissioner
Colin Parr	-	Corporate Director for Community, Environment and Resident Services
Sajeeda Rose	-	Chief Executive
Phil Wye	-	Governance Officer

Call-in
Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 25 September 2024. Decisions cannot be implemented until the working day after this date.

38 Apologies for Absence

Councillor Kevin Clarke – personal reasons
Councillor Corall Jenkins – unwell
Councillor Pavlos Kotsonis – other Council business

Ailsa Barr
Beth Brown
Roz Howie

39 Declarations of Interests

None.

40 Minutes

The minutes of the meeting held on 16 July 2024 were confirmed as a correct record and they were signed by the Chair.

41 Budget Monitoring Period 4 (2024/25)

Councillor Linda Woodings, Executive Member for Finance and Resources, presented the report providing an assessment of the Council's 2024-25 forecast outturn for the General Fund, Housing Revenue Account and Capital Programme, based on activity to the end of the Period 4 (31 July 2024). As seen across many other local authorities, the Council is experiencing significant cost pressures along with rising demand in adult's and children's social care, and temporary accommodation.

The Council continues to face exceptional circumstances as best demonstrated by the 2024-25 General Fund Budget balanced only by taking all available saving options tabled to the executive Board and City Council in February 2024 and March 2024 respectively and the use of material sums of Exceptional Financial Support. The 2024-25 approved budget includes use of c£41m of Exceptional Financial Support flexibility with any in-year overspends requiring to be met from a combination of in-year mitigations and savings and one-off General Fund contingency. In case, where application of all available financial intervention strategies/tools does not fully close any in-year budget gap then use of reserves may be considered.

The Council is forecasting a gross General Fund overspend of £12.595m (£2.822m net 0.8%) in Period 4 of 2024-25 and includes the planned management intervention. The HRA forecast at Period 4 for 2024-25 is showing a net underspend of (£0.304m). The revised Capital Programme of c£329m profiled for 2024-25 at Period 4 (combined General Fund and HRA) is forecasting to spend c£327m, a variance of (c£2m) when compared to 2024-25 budget.

Resolved to

(1) note the General Fund forecast gross overspend for 2024-25 at Period 4 of £12.595m reduced by (£9.773m) following application of mitigating actions reducing the net overspend to £2.822m against the approved budget of £356.800m and risks set out in Section 10 of the report;

(2) note that the Corporate Leadership Team in consultation with the Section 151 Officer has developed a mitigation strategy and plan to bring the forecasted spend back in line with approved budget;

(3) note the General Fund budget includes the Exceptional Financial Support flexibility of £41.143m for 2024-25, which will be deployed through a combination of capital receipts and short-term borrowing;

(4) note the progress of the approved savings over the Medium-Term Financial Plan (2024-25 – 2027-28) period of £88.335m (77.3%) either delivered or on track to be delivered of which:
- **£2.570m relate to undelivered 2023-24 savings brought forward;**
- **£35.852m relate to 2024-25 savings**
- **£29.879m relate to savings over the MTFP period 2025-26 to 2027-28**

(5) note the HRA forecast of net underspend for 2024-25 at Period 4 of (£0.304m) resulting in an increase to the planned contribution to reserves;

(6) approve the 2024/25 Capital Programme net slippage of (£3.234m) and net overspend of £1.308m with regards to the following:
- **General Fund (£0.746m) and HRA (£2.955m) net slippage to be carried forward and reprofiled across the medium-term financial plan.**
- **£0.467m Accountable Body acceleration and budget brought forward from the medium-term financial plan.**
- **decommission (£0.820m) capital scheme underspends of which (£0.442m) relates to Accountable Bodies, (£0.247m) relates to HRA and (£0.075m) relates to General Fund; subject to completion of respective due diligence and sign-off by Director of Finance;**
- **£1.997m Accountable Body overspend fully funded from government grant to be incepted following relevant approval sought by service through the usual governance process;**
- **£0.131m General Fund overspend, for which budget increase will be incepted into the capital programme following relevant approval by service through the usual governance process.**

(7) approve General Fund net departmental budget changes of £0.194m as summarised in paragraph 6.7 and Appendix 4 of the report.

Reasons for decisions:

- This report forms a key part of formal General Fund Revenue, Capital and HRA monitoring against the 2024/25 budget.
- As set out in the Financial Regulations and Financial Accountabilities Framework, the Chief Finance Officer is responsible for reporting the performance of the budget to Executive Board.
- Budget reporting to councillors is essential for informed decision-making, transparency, and effective governance in local authorities, ensuring accountability and sound financial management.

Other options considered:

- This is a monitoring report required by Financial Regulations and the Financial Accountabilities Framework which supports informed decision making, transparency and effective governance and therefore no other options were considered.

42 Annual Treasury Management Report 2023/24

Councillor Linda Woodings, Executive Member for Finance and Resources, presented the report t detailing the 2023-24 performance of the Treasury function, a sub-function of the finance department. This report describes how the performance in 2023-24 met the requirements set out in the Treasury Management Strategy Statement approved by City Council on 6th March 2023.

Resolved to

(1) recommend the Treasury Management Annual Report 2023-24 to Full Council for consideration;

(2) note the report has been reviewed by Audit Committee at their meeting on 28 June 2024, and has been recommended for consideration by Executive Board.

Reasons for decisions:

- The Treasury Management function is governed by provisions set out under Part 1 of the Local Government Act 2003, whereby the City Council must have regard to the CIPFA Prudential Code and the CIPFA Code of Practice. Under the latter Code, an annual report is required to be submitted to and considered by councillors.
- The Council's Treasury Management Strategy for 2023-24 was approved by full Council on 6 March 2023. The Investment Strategy was amended on the 4th March 2024 to adjust counterparty investment limits and make a technical change.
- The Council borrows and invests substantial sums of money as part of its business-as-usual activity. In common with all local authorities, it is therefore exposed to financial risks including the loss of invested funds and the revenue account impact of changing interest rates. This report covers performance in relation to treasury management activity and the associated monitoring and control of risk.

Other options considered:

- Options for management of the Council's debt and investment portfolio are continually reviewed. The overall aim is to minimise the net revenue costs of the Council's debt whilst maintaining an even debt profile in future years and to maximise investment returns within stated security and liquidity guidelines.

43 Early Years Entitlements and Wraparound Childcare - Acceptance and Spend of Grant Funding

Councillor Cheryl Barnard, Executive Member for Children, Young People and Schools, presented the report regarding capital and revenue funding that the Department for Education (DfE) has allocated to support local authorities (LA's) in the delivery of the expansion of the 30-hours early years entitlements for working families with children from 9 months of age and wraparound provision for primary school age children.

The revenue element for the early years entitlements will be paid to the LA via the Dedicated Schools Grant on the same basis as the Early Years Census and will be based on participation as per the current basis for receiving this funding for the existing early years entitlements. This report is in relation to the additional capital funding to support the expansion of the early years entitlements and the wraparound childcare programme, which was received as an un-ringfenced grant, under section 31 of the Local Government Act 2003, in February 2024, at a value of £490,743, which will be combined with a previous DfE Capital Grant Programme underspend of £63,756 to provide an overall capital grant programme of £554,499 and also the revenue element of the wraparound childcare programme funding as an un-ringfenced grant, under section 31 of the Local Government Act 2003, to a maximum allocation of £1,759,932 for 2024-25 – 2025-26, £161,000 of which is identified as LA Capacity Funding to support programme delivery. The remaining £1,598,932 revenue and the £554,499 capital is to be made available for an onward grant allocation programme for schools and early years and childcare settings, through the LA's approved Procurement and Financial Regulations processes, to support the expansion of these national reforms. The proposed grant allocation programme will be available city wide, connected to the LA's Childcare Sufficiency Assessment to ensure sufficiency gaps are addressed and the LA can continue to meet its statutory duty around the provision of sufficient childcare

Resolved to

(1) accept the childcare expansion capital grant of £490,743 awarded 1 February 2024 under determination 2023: No 31/6960 and combine it with the £63,756 of previous DfE Capital Grant Programme underspend as consented to by the DfE, to provide a capital grant programme of £554,499;

(2) accept funding for financial year 2023-24, 2024-25 and provisional allocations for 2025-26 to a maximum value of £1.759m under Grant Determination Reference 31/6910 for the Wraparound Childcare Programme, with £1.599m allocated to an onward grant programme;

(3) accept the early years entitlements revenue funding as it is received through the Dedicated Schools Grant for onward allocation to early years settings delivering early years entitlement places;

(4) delegate authority to the Corporate Director for Children and Education Services and the Director for Education:

- **a) to spend the identified sums on a scheme of onward grant allocations for projects to support the expansion of the early years entitlements and wraparound childcare programme, and central capital works necessary to support the roll-out of these expansions; and b**
- **b)) to establish a scheme for assessment and approval of grant applications, to award grants and enter into onward grant funding agreements with recipients and;**
- **c) c) to tender, award and enter into relevant public works, goods and service contracts.**

Reasons for decisions:

- To enable the funding received from the DfE to be distributed as an onward grant allocation programme, as per the national guidance and terms and conditions of the grant, to support the delivery of the national childcare reforms.
- In doing so, enabling the LA to continue to be able to meet its statutory duty around the provision of sufficient childcare.

Other options considered:

- None, as the LA must deliver on these additional requirements to continue to meet its statutory duties. These proposals for delivery have been streamlined alongside the existing early years entitlements and wraparound provision within the priorities of the Early Years Team and advice from colleagues in Major Programmes, Finance and Legal have been sought to develop the reports approved at DLT, CLT and Capital Board.

44 Child Friendly Nottingham Six Month Progress Review

Councillor Cheryl Barnard, Executive Member for Children, Young People and Education, presented the report providing an interim update regarding the progress of the Child Friendly Nottingham programme following the first scheduled UNICEF UK six monthly progress review. This supports Nottingham City Council's Strategic Priority Outcome of Child Friendly Nottingham and the commitment within it to work with UNICEF UK and its partners to be recognised as a global UNICEF accredited Child Friendly City.

Resolved to

(1) note the progress of the Child Friendly Nottingham Programme;

(2) agree to actively promote child friendly approaches with Nottingham citizens, businesses and wider partnerships in the public, private and voluntary sectors within wards and city council departments;

(3) encourage child friendly activity and ways of communicating and working which are included within the Action Plan;

(4) continue to receive periodic performance reports on the Child Friendly City programme.

Reason for decisions:

- Nottingham City Council is the lead and accountable partner for the UNICEF UK (UUK) to enable Nottingham to become a globally recognised UNICEF Child Friendly City and to achieve the ambition of Child Friendly Nottingham, the City Council needs to formally adopt and support the agreed CFN Action Plan with UNICEF UK.

Other options considered:

- No action. If this activity is not taken on Nottingham will not achieve its ambition of recognition as a Child Friendly City.

45 The Disposal of Investment Property Assets from the Property Trading Account

Councillor Ethan Radford, Executive Member for Skills, Growth, Economic Development and Property, presented the report regarding property assets proposed for disposal that have been reviewed in accordance with the” Asset Rationalisation Programme” and endorsed as being suitable for disposal as they will provide capital receipts to the council.

The council has faced a budget gap for 2024-25 due to issues facing councils across the country including increased demand for children’s and adults’ social care, rising homelessness presentations and inflation. This has meant savings need to be made between 2024-25 to 2027-28 to set a balanced budget, which is a legal requirement for all councils. In addition, the council, has been granted Exceptional Financial Support (EFS) from the Government of up to c£66.143m - £25m for the current year, 2023-24 and £41.143m in 2024-25. EFS is not additional funding from Government but allows the council to use capital resources, including from asset sales to fund revenue costs for services. Asset rationalisation is also a significant part of the Council’s Improvement Plan 2024 and Budget Strategy.

Resolved to

(1) make the assets detailed in the exempt appendix surplus to the requirements of the Property Trading Account and available for disposal;

(2) delegate approval of the final terms of sale (including price) to the Corporate Director for Growth and City Development, in consultation with other relevant service areas (Corporate Directors/Portfolio holders) as appropriate;

(3) appoint sales agent(s) or any other required consultant via a procurement compliant process (tender/framework/quotation) to facilitate the disposals process. Any expenditure will be subject to the Spend Control Board process.

Reasons for decisions

- Disposals will generate significant capital receipts which can be used by the Council as considered appropriate. It will also mitigate potential future financial risks arising from capital and revenue expenditure required to meet the council’s repairing obligations and remove resource-intensive assets from the Council’s ownership, and remove any costs associated with voids/re-letting and refurbishment.
- To make the assets detailed in the exempt appendix surplus to the requirements of the Property Trading Account. The Council has a requirement to repay Exceptional Financial Support in year as well as a range of other items such as the repayment of borrowing, transformation, and approved projects. The disposal of income and non-income producing assets will deliver a programme of capital receipts to repay these items.

- Delegate approval of the final terms of sale to the Corporate Director for Growth and City Development will ensure disposals can be progressed at pace without having to refer decisions back to the Executive Board. The most appropriate method of sale, and appropriate tenure (freehold or leasehold) will be determined on the asset type, value, and the market at the prevailing time. Where one of the assets is occupied by users commissioned by a council service, internal consultations with any relevant service areas (Corporate Director and/or Executive Member) may also inform the decisions regarding appropriate method of sale and appropriate tenure.
- To appoint sales agent(s) or any other required consultant via a procurement compliant process (tender/framework/quotation) to facilitate the disposals process. Any expenditure will be subject to the Spend Control Board process – this recommendation is made to ensure disposals can be progressed at pace without having to refer decision back to the Executive Board. All decisions will be in line with the Council's Spend Control Board process, and this has been endorsed by the S151 Officer.
- Property specific reasons are contained in the exempt appendices.

Other options considered:

- Not to sell the assets - This option is not recommended as retention of the assets presents a financial risk to the Council in terms of capital expenditure for repairs, maintenance and compliance works or due to a potential fall in revenue income. Retaining the assets would also forego potentially significant capital receipts. The option to dispose will remain under review and if market conditions or due diligence reveals that the asset should be retained, reviewed, or sold at a later date, this decision will be recommended to the Corporate Director for Growth & City Development.
- Significant Capex is required on the vast majority assets proposed for disposal, largely to ensure compliance with the Council's contractual and statutory obligations. This expenditure is necessary to preserve existing income streams and protect the value of an asset.
- Required expenditure includes repairs to buildings for which the Council is liable, and compliance with statutory requirements, most notably works to satisfy minimum energy efficiency standards (MEES) and obtain valid Energy Performance Certification (EPC).
- In the absence of a valid EPC, the Council is prevented from letting assets which fail to meet required legislation. EPC requirements are becoming increasingly stringent, with the next major uplift in standards being implemented on 1st of April 2028 (delayed from 2027).
- Failure to expend monies will result in loss of income, reputational damage and incur void costs and impairment in capital value, plus risk of fines.
- It is also anticipated that market sentiment will turn negative on non-EPC compliant assets in advance of the 2028 deadline.
- Currently no provision to implement EPC compliance works exists within the Capital Programme and urgent budgetary provision is required to comply with impending legal requirements. It is considered unlikely that Capex on EPC and repair works will generate increased rental income, as compliance with contractual lease obligations and legislation is expected.

46 Exclusion of the Public

Resolved to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, Paragraphs 3 and 5, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighs the public interest in disclosing the information.

47 The Disposal of Investment Property Assets from the Property Trading Account - Exempt Appendices

Councillor Ethan Radford, Executive Member for Skills Growth, Economic Development and Property, presented the exempt appendix, which was noted by the Board.