

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

<b>Reference Number:</b>	<b>3397</b>
<b>Author:</b>	<b>Lee Kimberley</b>
<b>Department:</b>	<b>Commercial and Operations</b>
<b>Contact:</b>	<b>Lee Kimberley</b> <b>(Job Title: Head of Trading Operations, Email: lee.kimberley@nottinghamcity.gov.uk, Phone: 01158764958)</b>
<b>Subject:</b>	<b>Establish a Catering Reserve</b>
<b>Total Value:</b>	<b>£100,000 (Type: Revenue)</b>
<b>Decision Being Taken:</b>	<b>To approve the creation of an annual investment reserve budget within Nottingham Catering. The reserve is to be funded by revenue expenditure, commencing from the 2018-19 financial year onwards, and will be reviewed annually.</b>
<b>Reasons for the Decision(s)</b>	<b>Nottingham Catering requires a rolling investment budget to enable the service to invest in school and commercial catering sites, major equipment and in commercial growth opportunities. Previously the service has utilised annual revenue budgets, however this creates pressures in-year on financial net out-turn and the delivery of Business Plan objectives. Much of this investment is required to address equipment failure for large pieces of catering equipment and to maintain the delivery of service to schools, including Nottingham Schools Trust.</b>  <b>The creation of this reserve will allow carry forward of any underspend into future years, whilst stabilising the operating budgets by enabling investments and equipment to be managed, without impacting on the net financial position. Previously the re-investment fund for Commercial and Operations has been used, however this fund is no longer available to the service.</b>
<b>Other Options Considered:</b>	<b>Advice has been sought from both the Capital Finance team and Finance Business Partners have identified that this proposal best suits the financial and commercial needs of the service. Seeking investment for catering equipment on a case-by-case basis is not practicable, both in terms of the administrative and approval process, but also regarding the time taken to approve any investments.</b>
<b>Background Papers:</b>	<b>None</b>

<b>Published Works:</b>	None
<b>Affected Wards:</b>	Citywide
<b>Colleague / Councillor Interests:</b>	No interests declared. As equipment or investment could happen across any school in contract with Nottingham Catering, it is not possible to identify specific wards or locations where this may take place. No negative impact on council services to residents will occur as a result of this decision.
<b>Consultations:</b>	Those not consulted are not directly affected by the decision.
<b>Crime and Disorder Implications:</b>	None
<b>Equality:</b>	EIA not required. Reasons: Investment or replacement of equipment presents no adverse impacts in regard to equality.
<b>Decision Type:</b>	Portfolio Holder
<b>Subject to Call In:</b>	Yes
<b>Call In Expiry date:</b>	12/02/2019
<b>Advice Sought:</b>	Legal, Finance, Procurement
<b>Legal Advice:</b>	This report raises no significant legal issues as it seeks permission to create internal financial reserves only. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 22/01/2019.

**Finance Advice:**

This decision seeks to establish a catering reserve to enable the service to invest in schools and commercial catering sites as appropriate from financial year 2019/20 onwards. The reserve is needed to support the acquisition, repair and maintenance of large items of catering equipment in kitchens as well as investment in new commercial opportunities when necessary. Should equipment not be maintained in schools and commercial outlets then current income levels become at risk with the possibility of MTFP pressures emerging.

The reserve will be created at the end of financial year 2018/19 once the Nottingham Catering outturn position is known. It is important to note that the creation of the reserve can only be established if both budget and business plan targets are met in 2018/19. The business plan target for Nottingham Catering is £0.200m and this is already committed in-year to absorb wider C&O pressures. In practicable terms this means that anything over a £0.200m better-than-budget positive outturn variance in 2018/19 can be used to establish the reserve. The forecast currently allows for a £0.100m reserve to be created, however only at year end can this be ratified.

The proposal seeks permission for the reserve to also be replenished in subsequent years at year-end once the outturn position is known. This can only be replenished providing adequate funding is available as per the process when creating the initial reserve above.

Advice provided by Philip Gretton (Finance Analyst) on 07/01/2019.

**Procurement Advice:**

The decision in question does not have any procurement implications in itself. However, when the reserve is used to procure replacement equipment etc, it must be procured in line with the Authority's financial regulations and the EU procurement regulations. The report author has already discussed the objectives with the procurement team and support for this will be provided. On this basis, there are no procurement concerns with the approach. Advice provided by Rosalie Parkin (Category Manager) on 20/08/2018.

**Signatures**

Graham Chapman (PH for Finance, Resources and Commercial Services)
SIGNED and Dated: 05/02/2019
Andy Vaughan (Corporate Director Commercial and Operations)
SIGNED and Dated: 04/02/2019