

DIRECTIONS UNDER SECTION 15(5) OF THE LOCAL GOVERNMENT ACT 1999

1. The Secretary of State for Levelling Up, Housing and Communities (“the Secretary of State”) has carefully considered the following in respect of Nottingham City Council (“the Authority”):
 - i. The quarterly progress reports from the Nottingham City Council Improvement and Assurance Board (as published on gov.uk) including the:
 - First Progress Report published on 17 March 2021
 - Second Progress Report published on 17 June 2021
 - Third Progress Report published on 2 November 2021
 - Fourth Progress Report published on 7 March 2022
 - Fifth Progress Report published on 23 June 2022
 - Sixth Progress Report published on 2 September 2022
 - ii. The independent reports by Richard Penn (Local Government Association (LGA) Associate) and the Chartered Institute of Public Finance and Accountancy (CIPFA) into the unlawful Housing Revenue Account (HRA) expenditure.
 - iii. Sir Tony Redmond’s assessments of the Nottingham City Council response to the unlawful HRA expenditure, including the recommendations contained in the independent reports by Richard Penn (LGA Associate) and CIPFA.
 - iv. The representations to the ‘minded to’ letter published on 23 June 2022. A total of 25 were received, including from the Authority, the Leader of the Authority, three MPs, two Councillors, a trade union, ten partner organisations and eight from local businesses, community leaders and members of the public.
2. The Secretary of State is satisfied that the Authority is failing to comply with the requirements of Part I of the Local Government Act 1999 (“the 1999 Act”).
3. The Secretary of State, having considered the representations made by the Authority as required by section 15(9) of the 1999 Act, and those listed above, considers it necessary and expedient, in accordance with his powers under section 15(5) of the 1999 Act, to direct the Authority to work with the Improvement and Assurance Board as set out below in order to secure the Authority’s compliance with the requirements of Part I of the 1999 Act. In particular this will require continued work to rebuild the governance capacity of the Authority and address the historic culture of poor financial management and governance of its commercial portfolio.
4. Pursuant to his powers under section 15(5) of the 1999 Act, the Secretary of State directs the Authority to take the actions set out in Annex A to these Directions.
5. These Directions shall remain in force until 1 September 2024 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

Signed on behalf of the Secretary of State for Levelling Up, Housing and Communities.

Maxwell Soule

Senior Civil Servant in the Department for Levelling Up, Housing and Communities

Date: 2 September 2022

ACTION THE AUTHORITY IS REQUIRED TO TAKE

In this Annex, the following expressions have the following meanings –

“the Authority” includes the Leader of the Council, Cabinet Members, any committee or sub-committee; and any other person who has responsibility for the matter in question.

The actions to be taken by the Authority are:

1. In the first three months to agree and amend the Nottingham City Council Improvement Plan, to the satisfaction of the Improvement and Assurance Board. This may include or draw upon improvement or action plans prepared before the date of these Directions. Resources will need to be allocated by the Authority accordingly to implement the recommendations contained in the independent Penn and CIPFA reports, and as a minimum, the following components:
 - a. Actions to ensure that a strategic and systematic approach to risk management is adopted and embedded across the Authority, coupled with the appropriate scrutiny and governance of decision-making processes and procedures.
 - b. Actions to deliver financial stability in the Authority, including: moving to sustainable long term budget setting; an investigation to establish the accuracy and suitability of current financial accounts and management controls; rapid and sustainable improvements to the council’s scrutiny function, and financial and risk management; and strengthening its accounting processes and reporting arrangements.
 - c. Actions to secure improvement in the governance and structure of the council’s commercial portfolio.
 - d. Actions to secure continuous improvement in all services.
2. To report to the Secretary of State on the delivery of the Improvement Plan at six monthly intervals, or at such intervals as the Improvement and Assurance Board may direct and adopt any recommendations from the Improvement and Assurance Board with respect to the Improvement Plan and its implementation.
3. To allow the Improvement and Assurance Board at all reasonable times, such access as appears to the Improvement and Assurance Board to be necessary, including:
 - a. To any premises of the Authority.
 - b. To any document relating to the Authority.
 - c. To any employee or member of the Authority.
4. To provide the Improvement and Assurance Board at the expense of the Authority, with such reasonable amenities and services and administrative support as the Improvement and Assurance Board may reasonably require from time to time to carry out its functions and responsibilities under these Directions.

5. To pay the Improvement and Assurance Board reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
6. To provide the Improvement and Assurance Board with such assistance and information, including any views of the Authority on any matter, as the Improvement and Assurance Board may reasonably request.
7. To co-operate with the Secretary of State for Levelling Up, Housing and Communities in relation to implementing the terms of these Directions.