



Department for Levelling Up,  
Housing & Communities

**Max Soule**  
*Deputy Director, Local Government  
Stewardship*

**Department for Levelling Up,  
Housing and Communities**  
2 Marsham Street  
London SW1P 4DF

Mel Barrett  
*By email*

[www.gov.uk/dluhc](http://www.gov.uk/dluhc)

22 February 2024

Dear Mel,

I am writing to inform you that, after considering carefully all the representations and all other developments since his 'minded to' proposals, the Secretary of State for Levelling Up, Housing and Communities has today made Directions, under section 15(5) of the Local Government Act 1999, in relation to your Authority. I enclose along with this letter a copy of the Directions and an accompanying Explanatory Memorandum both of which will be published on gov.uk, together with supporting material. These Directions replace the Directions issued to your Authority on 2 September 2022 with immediate effect.

The Directions issued on 22 February 2024 implement an intervention package which is described below. You will see in the Directions and Explanatory Memorandum that the Secretary of State has nominated Tony McArdle OBE as Lead Commissioner, and Margaret Lee as Commissioner. A Commissioner for transformation will be nominated in due course. The Secretary of State recognises the expertise of his appointees and is confident that they will be key to resolving Nottingham City Council's issues as quickly and effectively as possible.

The Directions replace the existing Improvement and Assurance Board, chaired by Sir Tony Redmond, with immediate effect. The intervention package is formed of actions your Authority is directed to take, and powers over Authority functions to be enacted by Commissioners. The Directions will be in place for two years. Ministers expect Commissioners to ensure a managed transition from the Improvement and Assurance Board to the Commissioners and that momentum isn't lost, particularly over the critical budget setting period for 2024/25. For the avoidance of doubt, the appointment of the Commissioners does not impact on previous decisions or actions of the Improvement and Assurance Board, and I would not expect the Council to take any action contrary to the Improvement and Assurance Board's instructions without the Commissioners' agreement. Ministers are supportive of the Commissioners drawing on reasonable support to facilitate this transition, including from the former Board members, if they wish and in the terms they deem reasonable.

The Commissioners are accountable to the Secretary of State in that they have been nominated by him and can have their nominations withdrawn by him. The Directions enable the Commissioners to exercise the following functions:

1. All functions associated with the governance, scrutiny and transparency of strategic decision making by the Authority, to include:

- a) Overseeing the full range of the Authority's improvement activities, including its strategies to secure the medium to long term sustainability of the Authority, its plans to uncover all instances of poor governance, and its plans to transform front line services and the culture of the organisation.
2. All functions associated with the financial governance and scrutiny of strategic financial decision making by the Authority;
3. The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority, to include:
  - a) Providing advice and challenge to the Authority to improve its financial stability and its ability to meet future commitments without additional borrowing, including advising upon credible budget planning;
  - b) Scrutiny of all in-year amendments to annual budgets;
  - c) The power to propose amendments to budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty;
  - d) Providing advice and challenge to the Authority on a sustainable scheme of delegations for financial decision-making; and
  - e) Ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority.
4. All functions associated with the Authority's operating model and redesign of the Authority's services to achieve value for money and financial sustainability;
5. All functions pertaining to the development, oversight and operation of an enhanced performance management framework for officers holding senior positions;
6. All functions relating to the appointment and dismissal of persons to positions, the holders of which are to be designated as statutory officers, and the designation of those persons as statutory officers, to include:
  - a) The functions of designating a person as a statutory officer and removing a person from a statutory office;
  - b) The functions under section 112 of the Local Government Act 1972 of appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.
7. All functions to define the officer structure for the senior positions, to determine the recruitment processes and then to recruit the relevant staff.

The Secretary of State considers that most decisions should continue to be made by the Authority, but with the oversight of the Commissioners: they will uphold proper standards and due process and recommend action to the Authority. The Secretary of State's intention is that the powers he is providing to the Commissioners be used to ensure that the Authority takes the necessary steps to achieve the best possible outcome for Nottingham residents and the public purse. The Commissioners should not hesitate to exercise their functions if they determine it to be necessary to do so. The exercise of these functions should enable the Commissioners to make sure that the Authority has made sufficient improvement within the next two years to be able to comply with its best value duty on a sustainable basis.

The Directions require your Authority to take certain actions:

1. In the first three months to agree and appraise the Nottingham City Council Improvement Plan, to the satisfaction of Commissioners (which may include or draw upon improvement or action plans prepared in response to any recommendations issued by the Nottingham City Council Improvement and Assurance Board before the date of these Directions), and as a minimum, the following components:
  - a) Actions to ensure that a strategic and systematic approach to risk management, coupled with the appropriate scrutiny and governance of decision-making processes and procedures, is adopted and embedded across the Authority.
  - b) Actions to deliver financial stability in the Authority, including investigation to establish accuracy and suitability of current financial accounts and management controls, rapid and sustainable improvements to its scrutiny function, financial and risk management, strengthening accounting processes and reporting arrangements.
  - c) Actions to secure continuous improvement in all services.
2. To report to the Secretary of State on the delivery of the Nottingham City Council Improvement Plan at six monthly intervals, or at such intervals as the Commissioners may direct and adopt any recommendations of the Commissioners with respect to the Improvement Plan and its implementation.
3. To undertake in the exercise of any of its functions any action that the Commissioners may reasonably require to avoid so far as practicable incidents of poor governance, poor financial governance or financial mismanagement that would, in the reasonable opinion of the Commissioners, give rise to the risk of further failures by the Authority to comply with the best value duty.
4. To allow the Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary:
  - a) To any premises of the Authority.
  - b) To any document relating to the Authority.
  - c) To any employee or member of the Authority.
5. To provide the Commissioners, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions.
6. To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them.
7. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as Commissioners may reasonably request.
8. To co-operate with the Secretary of State for Levelling Up, Housing and Communities in relation to implementing the terms of these Directions.

I appreciate that the Council has already started taking steps in relation to these actions.

The Directions require your Authority to pay the Commissioners reasonable expenses and such fees as the Secretary of State determines to be paid to them. In recognition of the nature and scale of the intervention, he has determined fees of £1,200 per day for the Lead Commissioner, £1,100 per day for the Commissioners, and up to a total of 150 days annually for each individual. The Secretary of State also expects the Commissioners to be paid reasonable expenses in accordance with the rules for senior officers set out in your Authority's staff handbook.

The Directions also require your Authority to take certain actions, such as providing the Commissioners with such reasonable amenities, services and administrative support as the Commissioners may reasonably require when undertaking their

functions and responsibilities under these Directions. In addition, the Directions require your Authority to allow the Commissioners at all reasonable times access to any premises of your Authority, to any document relating to your Authority, and to any employee or member of your Authority.

The Directions will remain in force until 22 February 2026 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

Finally, you will wish to note that the Secretary of State has asked for a report from the Commissioners within six months and thereafter at six-monthly intervals, or at such other times as he might agree with the Commissioners. This allows for a process for regular review of whether it would be appropriate for any function exercisable by the Commissioners to be returned to the Authority. The Secretary of State has not ruled out the possibility that further functions might be brought under the control of the Commissioners, or that further Commissioners may be appointed in the future.

I am copying this letter to your Authority's Section 151 Officer, and to its Monitoring Officer.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Maxwell Soule', written in a cursive style.

**Maxwell Soule**

Deputy Director, Local Government Stewardship