

NOTTINGHAM CITY HOMES**REPORT OF HEAD OF FINANCE****BOARD
17 May 2007****SLA REVIEW PROGRESS UPDATE****1 SUMMARY**

- 1.1 This report is to update the Board on the current situation with regard to SLA reviews with the City Council.

As part of the company's Value for Money & Efficiency plans, NCH agreed to undertake a full VFM review of all services provided by NCC under the terms of an SLA. All SLA services were identified and a plan to complete full market testing of these services was developed with some being undertaken in 2006/07 and a handful carried over into 2007/08 (primarily because there was an expectation that enabling initiatives would have been implemented making separation more of a real possibility).

NCH officers were assigned to each service area and trained by Housemark and NCH Finance in how to approach the reviews and negotiate improved VFM. Key contacts were established in NCC with a 'barrier breaker' at very senior level appointed to push the reviews through within NCC. Monthly monitoring, including a regular review with the senior NCC contact was established.

- 1.2 Some reviews have progressed and some cost savings will be delivered during 2007/08 as a result of this work. A number have slipped for a variety of reasons e.g. changes in requirements, staff turnover, TUPE implications and difficulty in obtaining detailed cost breakdowns.

NCH is committed to completing these reviews as soon as possible to maximise further efficiencies and cost savings.

The City Council has confirmed that NCC officers will provide prompt support to NCH in completing these important reviews by the end of September so that the agreed notice period of six months can be exercised in time to take effect in 2008/09.

- 1.3 EMT will review progress on these reviews each quarter.

- 1.4 A number of services remain the responsibility of the City Council e.g. CCTV and Streetscene. These will be picked up as part of the work with the City to review how best to deliver service relating to the public realm.

The attached appendix summarises the current position.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board agree with the proposals identified and highlighted in the attached table namely:
- to withdraw from the SLAs for Media Relations & Design & Print with immediate effect;
 - that NCH uses working protocols rather than SLAs for Hounds Gate Offices, Environmental Works, Pest Control and Dog Wardens services;
 - that SLAs are agreed for a one-year term for SLAs on Building Cleaning (both office and residential) and Garden Assistance services;
 - that going forwards, it is agreed that, the authority to agree SLAs below £150,000 p.a. is delegated to the Chief Executive and the authority to agree SLAs above £150,000 p.a. is delegated to the Performance and Regulatory Committee.

3 OBSERVATION OF THE HEAD OF FINANCE

- 3.1 The Audit Commission was critical of NCH's ability to control overhead costs. SLAs and recharges represent a very high proportion of NCH's costs and monitoring of service delivered for these charges has been poor. A full review of services provided and the value for money and efficiency of these services is essential if we are to demonstrate improvements at the next inspection.

4 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 4.1 Cost savings delivered will increase funding available to deliver better levels of service to NCH customers.

5 VALUE FOR MONEY & EFFICIENCY ISSUES

- 5.1 Benchmarking against charges made to other similar sized ALMOs indicates that there are significant opportunities to improve services at lower costs to NCH.

6 EQUALITY & DIVERSITY IMPLICATIONS

- 6.1 None

7 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 7.1 VFM & Efficiency Strategy

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