

## NOTTINGHAM CITY HOMES

### REPORT OF THE CHAIR OF THE PERFORMANCE AND REGULATORY COMMITTEE

**THE BOARD**  
**31 JULY 2008**

### PERFORMANCE & REGULATORY COMMITTEE ANNUAL REPORT 2007/08

#### 1 SUMMARY

- 1.1 The Performance and Regulatory (P&R) Committee is accountable to the board for the fulfilment of the responsibilities delegated to it as set out in the Committee's Terms of Reference. All Committee members share responsibility for its decisions and should act only in the interests of the Company and not on behalf of any subsidiary, constituency or interest group, putting the interests of the Company before their own.

The Committee is charged with assisting the Board to fulfil its obligations that the Company runs in an efficient, effective and viable way in the provision of effective services that meet customer needs.

#### 2 RECOMMENDATIONS

- 2.1 It is recommended that the Board note the Annual Report.

#### 3 REPORT

- 3.1 The P&R Committee has met 3 times during the year and completed its first full year since being established following the merging of the Finance & Regulatory and Scrutiny & Performance Committees in December 2006. The attendance of non-executive Members in 2007/08 was as follows:

	Oct 07	Feb 08	May 08	July 08
Janet Storar (Chair)	✓	✓	✓	Deferred to 12 <sup>th</sup> August.
Tim Bell	✓	✓	✓	
Peter Linford	X	✓	✓	
Ade Aderogba	✓	X	✓	
Paul Rowe	✓	X	X	
Malcolm Wood	✓	X	✓	

A summary of other key attendees who were present at P&R Committee meetings during the year is shown in Appendix B.

- 3.2 The P&R Committee is accountable to the Board for monitoring the financial performance of the Company.

#### 2007/08 Financial Performance

The financial performance of the Company against its budget is reported to the P&R Committee on a quarterly basis. The report, by the Director of Finance, ICT and Governance, also includes a projection of the outturn revenue position and the forecast capital expenditure for the financial

year.

Throughout the year the cumulative net revenue spend and forecast outturn spend against budget reported to Members have consistently shown a surplus position. Due to supporting the cost of restructuring the Company the final provisional outturn financial position, reported to members in May, showed a deficit of £0.268 million. However, this represented only 0.4% of the Company's total income of £68.025 million and was not materially different to the position monitored by Members.

Final capital expenditure for the year was £25.163 million and therefore well within the constraints of budget approvals of £25.565 million.

### 2008/09 Budget

In October 2007 the draft budget for the 2008/09 financial year was presented to members in advance of being submitted to the City Council. Following further discussions and negotiations with the City Council, and principally because of a significant reduction in the available HRA resources, budgets were tightened considerably and a revised budget report was presented at the February P&R Committee meeting.

Members subsequently agreed that the 2008/09 budget, including a Management Fee of £33.099 million, be recommended to the Board for approval.

Due to budgets being prepared under tight constraints and due to significant changes in the way that repairs and maintenance is charged and paid for (as a result of the successful R&M tender) it will be essential that all budgets are monitored closely to ensure that expenditure stays within targets and corrective action is taken promptly when required.

### Service Level Agreements

As part of the company's Value for Money (VFM) & Efficiency plans, NCH agreed to undertake a full VFM review of all services provided by the City Council under the terms of a Service Level Agreement (SLA). To monitor management's progress in either agreeing new annual SLAs with the City or formally withdrawing from the SLA to establish new agreements for alternative service provision, a quarterly report is produced for P&R Committee

During the year Members have approved the following annual SLAs agreed with the City Council:

- Drainage Services;
- Refuse Collection and Skip Hire; and
- Garden Assistance Scheme.

Members have also noted management's decision to withdraw from the following existing agreements:

- Health and Safety;
- Element of Residencies – Building Cleaning;
- Internal Audit – Financial Services;

- Design and Property Services;
- Human Resources;
- SX3 Support Services; and
- Fleet Management & Fleet Management Administration.

Although Committee Members have acknowledged the progress made to date by management in relation to reviewing and renegotiating SLAs, there is scope for further cost and service improvements to be achieved and continued progress by management will be monitored by the Committee going forward.

#### Dispensations from the Financial Regulations

The Company's Financial Regulations require that action taken to allow a dispensation from the Financial Regulations, under the circumstances outlined in paragraphs 1.6.2 and 1.6.3, should be recorded in the Register of Dispensations and reported to the P&R Committee.

The Register of Dispensations, and the associated report by the Company Secretary, are now standing agenda items of the P&R Committee and during the year eight dispensations were brought to the attention of Members.

- 3.3 The P&R Committee is also accountable to the Board for monitoring the service performance of the Company, and ensuring that the Company is striving to continually improve its performance in relation to its peers and to the satisfaction of the Council and the Council's tenants.

The Company's performance against national Best Value and primary local performance indicators, as well as planned activity contained within the Foundation Plan, is monitored by Members through the review of quarterly and full year detailed performance reports.

Remedial actions to address issues of poor performance during the year have been proposed and implemented by management and reviewed by the Committee. Subsequently, when a comparison is made between performance as at 31<sup>st</sup> March 2008 and the previous 6 months, the trend for 26 of the 32 key performance indicators has been for performance to improve.

However, at the end of the 2007/08 performance year 27 of those same key performance indicators remained 'off target' and the P&R Committee remains committed to ensuring that recent improvements in performance are monitored closely to ensure further progress is made to achieve performance targets in 2008/09.

- 3.4 The P&R Committee has specific responsibility to monitor the effectiveness of the Company's tenant involvement arrangements on behalf of the Board. Key Reports and related documents presented to, and reviewed by, Members during the year in order to fulfil their responsibilities included:

- Status survey results;
- Customer service charters;

- Tenant and leaseholder compact action plan; and
- Compliments, comments and complaints progress update.

### 3.5 Conclusion

As a result of its work during the year the P&R Committee is not aware of any reason to believe that the Company does not have in place adequate arrangements to ensure that the organisation runs in an efficient, effective and viable way in the provision of effective services that meet customer needs.

The Committee will continue to monitor management's progress in the following key areas during 2008/09:

- Controlling expenditure within agreed budgets and implementing prompt corrective action where required;
- Renegotiating SLA with the City Council and, where necessary, withdrawing from purchasing services to ensure that VFM is secured;
- Maintaining continued improvement in performance against national and local targets; and
- Approving more detailed 'fit for purpose' Committee Terms of Reference supported by training on Member's responsibilities.

3.6 Appendix A shows the P&R Committee's work plan for the next 12 months.

## **4 FINANCIAL & RISK IMPLICATIONS**

4.1 Any financial implication implied within this report has been budgeted for and were delivered within budget.

## **5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES**

5.1 The details within this report support the delivery of Nottingham City Homes' objectives.

## **6 VALUE FOR MONEY & EFFICIENCY ISSUES**

6.1 All initiatives within this report ensure that VFM and any efficiency issues are considered.

## **7 EQUALITY & DIVERSITY IMPLICATIONS**

7.1 There are no equality and diversity implications.

## **8 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- 8.1 Performance and Regulatory Committees – 30<sup>th</sup> October 2007, 5<sup>th</sup> February 2008, 13<sup>th</sup> May and the associated papers.

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**DATE:** 24 July 2008

**PERFORMANCE AND REGULATORY COMMITTEE**  
**WORKPLAN – August 2008 to July 2009**

<b>COMMITTEE DATE*</b>	<b>AGENDA ITEM / REPORT</b>	<b>PURPOSE OF REPORT</b>
<b>12<sup>th</sup> Aug 08</b>	1 <sup>st</sup> Quarter Performance	To review performance against planned activity contained within the Foundation Plan and outcomes against national and local primary performance indicators for the quarter.
	1 <sup>st</sup> Quarter Financial Report	To review financial performance against budget for the quarter and the forecast outturn position.
	SLA Update	To review progress with SLA negotiations and approve final agreements in line with the requirements of the Financial regulations.
	Register of Dispensations	To report dispensations to the Financial Regulations.
<b>28<sup>th</sup> Oct 08</b>	2 <sup>nd</sup> Quarter Performance	To review the performance report for the quarter.
	2 <sup>nd</sup> Quarter Financial Report	To review financial performance for the quarter.
	SLA Update	To review progress with SLA negotiations and approve final agreements.
	Register of Dispensations	To report dispensations to the Financial Regulations.
	Budget 09/10	To present the draft Nottingham City Homes 2009/10 budget for approval prior to submission to Nottingham City Council.
<b>27<sup>th</sup> Jan 09</b>	3 <sup>rd</sup> Quarter Performance	To review the performance report for the quarter.
	3 <sup>rd</sup> Quarter Financial Report	To review financial performance for the quarter.
	SLA Update	To review progress with SLA negotiations and approve final agreements.
	Register of Dispensations	To report dispensations to the Financial Regulations.
<b>28<sup>th</sup> April 09</b>	08-09 Annual Performance Report	To review performance against planned activity contained within the Foundation Plan and outcomes against national and local primary performance indicators for the year.
	4 <sup>th</sup> Quarter Financial Report	To review financial performance for the quarter and the provisional financial outturn position.
	SLA Update	To review progress with SLA negotiations and approve final agreements.
	Register of Dispensations	To report dispensations to the Financial Regulations.
<b>28<sup>th</sup> July 09</b>	1 <sup>st</sup> Quarter Performance	To review performance against planned activity contained within the Foundation Plan and outcomes against national and local primary performance indicators for the quarter.

<b>COMMITTEE DATE*</b>	<b>AGENDA ITEM / REPORT</b>	<b>PURPOSE OF REPORT</b>
<b>28<sup>th</sup> July 09 - continued</b>	1 <sup>st</sup> Quarter Financial Report	To review financial performance against budget for the quarter and the forecast outturn position.
	SLA Update	To review progress with SLA negotiations and approve final agreements in line with the requirements of the Financial Regulations.
	Register of Dispensations	To report dispensations to the Financial Regulations.

\* - dates are provisional and subject to change.

**Standing items - Quarterly:**

- Welcome, Introductions, Chairs' Announcements and Apologies
- Declarations of Interest
- Minutes of previous meeting
- Matters arising
- Quarterly financial update
- Performance report
- SLA review update
- Register of dispensations
- Rent Performance
- AOB and Dates of further meetings

**Other items that are tabled annually:**

- Budget report – forthcoming financial year
- Provisional financial outturn – prior financial year
- Annual performance report
- Annual P&R Committee Report
- Housemark report
- Status survey results
- Delivery plan
- Customer service charters

**Other items that may arise from time-to-time:**

- Tenant and leaseholder compact action plan
- NCC benefits
- Compliments, comments and complaints progress update

**Attendance**

- The following Executive Directors and Company senior managers were in attendance at the P&R Committee during meetings in the 2007/08 year:

<b>ATTENDEES</b>	<b>COMPANY POSITION</b>
Julie Crook	Director of Finance, ICT & Governance
Amanda Schofield	Director of Strategy & Partnerships
Gill Moy	Director of Housing Services
Steve Everson	Interim Director of Finance
David Angus	Interim Director of Property Services
Sue Taylor	Assistant Director of Housing Services
Janet Glass	Head of Business Improvement & Development
Neil Barks	Former Head of Best Value and Performance**

\*\* - management post in the previous Company structure which no longer exist.