

## NOTTINGHAM CITY HOMES

### REPORT OF THE CHIEF EXECUTIVE

THE BOARD  
21 MAY 2009

### THE CHIEF EXECUTIVE'S UPDATE REPORT

#### 1 SUMMARY

- 1.1 This report provides a brief update on some of the key issues currently ongoing in the organisation.

#### 2 COMPANY PERFORMANCE 2008/09

- 2.1 P&R Committee have considered detailed reports on financial and performance management. Set out briefly below are some of the key headlines from these reports.

##### 2.2 Key Successes 2008/09

- An additional £776,776 has been collected during 2008/09 and rent arrears fell below the £3 million level for the first time in many years, representing a reduction of three quarters of a million pounds on the same point in 2007/08.
- We are evicting fewer tenants due to rent arrears - 81 fewer tenants have been evicted during 2008/09
- We have experienced significant improvements in access and customer care e.g. during 2008/09, we responded to 97.4% of all complaints in 5 days. This performance is replicated in correspondence and members enquiries, all of which have contributed to the increase in customer satisfaction which currently stands at 69%. The monthly satisfaction surveys for responsive repairs and Decent Homes continue to generate positive results.
- 24 estates are deemed to be of a 3 star standard and 13 of a 2 star standard
- Of the 21 high rise blocks, 10 are a 3 star standard and 7 are of a 2 star standard

##### 2.3 Key Challenges 2008/09

- Although the number of lettable voids has fallen to 382 during 2008/09, the total number of empty properties across the city increased from 615 to 806. This is due to a significant increase in the number of properties which are being held by Nottingham City Council for potential decommission demolition (e.g. Stonebridge).
- Due to the higher number of void properties, rental loss has

increased over the past year from 2.1% in April 2008 to 2.4% in March 2009. A major challenge during 2009/10 will be for NCHs Asset Management Operational Group to make agreement with the City to progress outcomes for these properties and to remove properties agreed as decommissioned or for demolition from the rent roll.

- Although the length of time our void properties are empty has reduced from 65 days at the end of March 2008 to 49 days at the end of March, we are still performing at lower quartile and have missed our target by 19 days. A LEAN system rethinking review is currently being procured to ensure that the current structure, processes and reporting arrangements are 'fit for purpose'.
- 84% of tenancies let in the preceding 2 years have lasted longer than 12 months. Although this represents an improvement compared to last year, a major challenge will be to ensure we sustain our tenancies for longer than 12 months.
- Results from the 2008 status survey show that 59% of our tenants are satisfied with the opportunities for participation and decision making. Therefore the challenge during 2009/10 will be to maximise the opportunities available and ensure that they are accessible to all tenants.
- Annual out turns for the majority of the operational repairs performance measures indicate that agreed performance targets were not achieved by Nottingham City Homes Contract Services. Whilst as Contract Administrator we appreciate that new indicators were introduced for the Contract, and issues and circumstances around mobilisation caused problems in service delivery, performance delivered to our customers over the first 9 months of the 5 year Contract has deteriorated when compared to pre Contract performance.
- Although responsive repair results for the March 09 reporting period were encouraging, and early indications are that performance improvement will continue into the 09/10 operating year, the key challenge for 2009/10 will be to generate a genuine improvement in performance when compared to the 08/09 operating year and to maintain continued high levels of customer satisfaction ratings for the services delivered.
- During 2008/09 NCH were not successful in attaining Level 3 of the Equality Standard as predicted. This will be a focus for 2009/10 as we have our major push on equalities and diversity.

### **3. FINANCIAL OUTTURN 2008/09**

- 3.1 A financial outturn report was presented to Performance and Regulatory Committee on 12 May and was discussed in detail.

- 3.2 **NCH Fee** - The company made an overall surplus of £133k for the financial year against a budgeted breakeven position on a turnover of £68.3m. In accordance with the management agreement NCH must repay any surpluses to the Housing Revenue Account, an accrual has therefore been raised for £133k which brings the overall position for the year back to zero. These figures are subject to audit during June 2009 and the final accounts will be presented to the Board for approval on 30 July.
- 3.3 **NCC Housing Revenue Account** - For the Council's Housing Revenue Account (HRA) as a whole, the position is better than anticipated at the time the budget was set, there was an under achievement of income of £319k which was off set by underspends on expenditure of £900k. The most significant area of underspend was the provision for bad debt, expenditure of £634k against a budget of £1,125k reflecting the reduction in arrears. The estimated balance carried forward within the HRA is £3.1m against a budgeted amount of £2.5m.
- 3.4 **NCC Capital Programme Managed by NCH** - Final capital expenditure on NCH managed schemes was £24.162m, against approvals of £25.797m. The reason for this underspend was due to the fact that the additional decent homes funding received from Communities and Local Government (CLG) was not received until late in the financial year. The unused resources have been carried from 2008/09 into 2009/10.

#### **4. COMMUNICATIONS AND MARKETING TEAM – 2008/09 UPDATE**

- 4.1. Following the appointment of the company's first Head of Communications and Marketing in February 2008, a new communications strategy was agreed by the Board in May 2008.

This led to the company's branding being refreshed over the summer, in time for the start of 'mystery shopping' by the Audit Commission in September 2008. The project involved the complete replacement of all company literature, a new website, livery for the new vans and refitting housing offices. Relations with the local media have also been much improved, following the appointment of a full time PR officer in July 2008.

Plans for 2009-10 include developing a new marketing strategy and website for the HomeLink system, improving communications with tenants regarding Secure Warm Modern work, redesigning NCH News and improving the distribution process, introducing a new internal communications system and building closer relationships with key partners.

#### **5 2009 PAY AWARD**

- 5.1 The employers' side has tabled an offer of 0.5% for 2009. The offer is on the table until 1<sup>st</sup> June 2009 at which point the offer will be withdrawn. The employer's side will not implement the award unilaterally if no agreement is reached.

## 6. BOARD AWAY DAY SESSIONS

The Board Away day sessions took place on 7 May 2009 and 8 May 2009. The first session concentrated on Risk Management Training for the Board and was well received.

The second session was an open discussion presenting an opportunity for the Board to consider if it was fit for purpose, given challenges the Company faces particularly in the current economic climate and with the potential review of future housing finance arrangements.

It was recognised that although there are significant pressures in the future there are also opportunities for the Company in terms of attracting new business, property ownership and developing its role as a key player in Nottingham.

The Board was therefore asked to consider its role in managing and steering the Company through this period of change and what it requires from the Executive Management Team (“EMT”) to achieve this.

The Board and the Executive Management Team undertook a valuable exercise to review how the Board and EMT interact and how that might best be developed in the future. The overwhelming message from that exercise is that the Board would like greater clarity of its role, a closer less formulaic working relationship with EMT enabling greater involvement of Board members from the outset in the formulation of Company policies and strategies and offering greater opportunities for the Board to:-

- Gain an in depth background into Company initiatives
- Contribute their skills, expertise and experiences
- Challenge and scrutinise initiatives at an early stage
- Obtain a greater sense of the EMT vision

The EMT undertook the same exercise and largely reached a similar view on the need to be clear about what it needs from the Board so as to create a closer more effective working relationship. It was recognised that the Board members had very limited contact with the Director of Property Services and how this might best be addressed.

The Board in considering a general proposal to review its structure considered whether more committees should be formed and/or review the current remit of the committees. In addition, it was recognised that there should be better use of individual Board member skills and experience for particular projects or initiatives. This could be achieved by developing the role of “experts” on the Board who can then advise and brief fellow Board members.

In concluding the second session the following actions were identified:

1. Use external support to undertake a skills audit

2. Review Board training programme
3. Develop ways of making the relationship between Board and EMT work better
4. Look at ways of facilitating better access to EMT without encroaching significantly on the day job
5. The Board to meet to discuss their ideas for effecting change.
6. Consider how the Board experts would be selected (following the skills audit at 1. above)
7. Make better use of IT to communicate (including possible use of Board room "Smart board" for video conference links)
8. Improve communication with the Board.
9. Set a schedule for future Board away days to comprise a mix of "off site" Away days, as well as HQ based sessions to promote greater networking amongst Board members.

The Chair, Vice Chair and Chief Executive have already met to develop these ideas and pull together a programme that would enable changes to be introduced in time for our September AGM. We will bring forward a report setting out progress and proposals at the July Board meeting.

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