

NOTTINGHAM CITY HOMES

REPORT OF DIRECTOR OF FINANCE, ICT & GOVERNANCE

THE BOARD
26 NOVEMBER 2009

FINANCE REPORT

1 SUMMARY

- 1.1 This report is to present to the Board a financial overview for the Company.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board note the report.

3 REPORT

3.1 Financial Position of NCH as at 30 September 2009

NCH is projecting a surplus of £30k for the financial year 2009/10. Detailed analysis of these figures was presented to Finance & Audit Committee on 9 November, the financial position for the major directorates, Housing Management and Property Services have been presented to their committees.

There are a number of large variances across budgets within the company but these are being managed within the overall budget.

3.2 Capital Programme 2009/10

The Housing capital programme which is managed by NCH is forecasting to spend £47.6m against approvals of £48.1m. An overview of the capital programme was presented to Finance & Audit committee and the detail of this programme is managed by Property Services Committee.

3.3 Repairs Budget within the Housing Revenue Account (HRA)

The repairs budget within the HRA is a budget which NCH has the responsibility for managing but this budget and the corresponding expenditure is retained within the HRA.

The repairs budget is under significant financial pressure this year as it has been for a number of years, the main reasons for this are a level of underfunding within this budget and the fact that majority of the expenditure is demand led.

The main area for concern within the repairs budget is the budget for void repairs, voids are covered separately in the following paragraphs.

3.4 Voids

The impact of voids is felt across a number of budgets within the HRA

- If we have more voids than budgeted we lose rent income
- If the time taken to turnaround void properties is too long we lose rent income
- We have limited budgets for the repair of void properties, if we overspend this budget then it creates budget pressure elsewhere and if we specify too much work in void properties this results in them being empty for too long and we do not receive the economies of scale in the costs of repairing these properties

At the current time we have more void properties than we budgeted to have and this has resulted in the projected shortfall of £420k in rent income.

This is a two fold effect as there are more management voids than NCH set a target for and there are more non-management voids than budgeted for.

NCH has a target of 300 manageable voids by 31 March 2010 and staff are working hard and working together to achieve this target.

There are now more non management voids than there are management voids and NCH is working with NCC to reduce these numbers as soon as possible. A number of these properties require key decisions by NCC and have been affected by the recession.

There is a budget of £4.6m within revenue repairs and £4.0m within the capital programme for voids repairs. Both of these budgets are being tightly managed at this stage and weekly update reports are received by EMT.

3.5 Government Consultation Paper – “ Reform of Council Housing Finance”

The Government issued the above consultation paper on 21 July and the closing date for responses was 27 October. Both NCC and NCH responded to the consultation paper, a copy of these responses has been circulated to Board members. No further information has been received from the Government since the closing date for this consultation.

3.6 Budget 2010/11

There is a separate item on this agenda to cover the Budget 2010/11. At the time of writing this report the draft subsidy determination had not been received from the Government.

4 RISKS

- 4.1 The major risk to the Company at this time is voids. A number of actions are in place to mitigate this risk including
- A weekly meeting is taking place with the Chief Executive, the

Director of Finance and key staff from both housing management and property services to review voids and

- A lean review of the voids process has been completed and we are in the process of implementing these recommendations

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

5.1 One of the objectives within the 2009/10 Delivery Plan is

- To be an excellent organisation.

A robust financial budget incorporating the impact of VFM & E initiatives is essential to support this objective.

6 EQUALITY & DIVERSITY IMPLICATIONS

6.1 There are no specific equality and diversity implications within this report.

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

7.1 Consultation paper issued on 21 July 2009 entitled – Reform of Council Housing Finance.

CONTACT OFFICERS: Julie Crook
Director of Finance, ICT & Governance
14 Hounds Gate,
Nottingham
NG1 7BA
Tel: 0115 91 57378
E-mail: Julie.crook@nottinghamcityhomes.org.uk

DATE: 17 November 2009