

NOTTINGHAM CITY HOMES

REPORT OF THE CHIEF EXECUTIVE

THE BOARD
10 JUNE 2010

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 RECOMMENDATIONS

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

3 ANNOUNCEMENTS AND SPENDING PLANS SET OUT FOLLOWING GENERAL ELECTION

- 3.1 Board members will be interested in the announcements and spending plans set out following the General Election.

It is of note that the Conservative Housing spokesperson Grant Shapps MP, has become the Minister for Housing and Local Government (reporting to the Secretary of State Rt Hon Eric Pickles MP). Mr Shapps visited Nottingham City Homes in May 2009, his view of the ALMO sector was broadly positive.

3.2 Programme for Government

With the creation of a coalition government, commitments from both parties in the coalition have not made it through to the 'Programme for Government' announced after the election (therefore the Liberal Democrat Manifesto Commitment to "build tens of thousands of affordable houses to rent", and the commitment to "ensure council houses sold under the Right to Buy are replaced" do not feature in the Programme for Government, nor does the Conservative commitment to "remove social housing funding from the Homes and Communities Agency (HCA) and be given directly to local authorities").

However, the coalition Programme does feature housing commitments of which these are most relevant to NCH:

- To phase out the ring-fencing of grants to local government and review the unfair Housing Revenue Account
- To end the ban on social tenants starting businesses in their own homes
- To promote shared ownership schemes and help social tenants and others to own or part-own their home
- To require continuous improvements to the energy efficiency of new

- housing
- To create new trusts to make it simpler for communities to provide homes for local people.

It is also likely that other aspect of the Manifestos will appear in different forms in due course. For example the 'Right to Move' for social tenants (requiring landlords to facilitate moves to other parts of the country for tenants who request it, through the sale of existing properties and purchase of new homes), may still appear in a revised format in due course.

The Minister has called into question the future of the Tenants Services Authority (TSA), but there is little doubt that regulation of some form or other will remain. In relation to this and other matters it will be necessary to watch developments.

3.3 Queens Speech

A total of 24 Bills were announced in The Queen's Speech. A number of these will have an impact on NCH, our partners, and of course on the people who live in our homes. The following four Bills will probably be the most significant, and the detailed proposals are awaited with interest:

3.3.1 Welfare Reform Bill

This Bill would simplify the benefits system in order to improve work incentives, but there may be significant impact on certain groups, such as people with disabilities, or lone parents.

3.3.2 Decentralisation and Localism Bill

This Bill will devolve greater powers to councils and neighbourhoods and give local communities control over housing and planning decisions. The review of the Housing Revenue Account is included here.

3.3.3 Energy Bill

This Bill would deliver a national programme of energy efficiency measures to homes and businesses.

3.3.4 Public Bodies (Reform) Bill

This Bill will ensure that there will be a greater degree of transparency and accountability for all Public Bodies ('quangos'); and provide Ministers with the powers to abolish, merge or transfer functions.

3.3.5 Other measures mentioned in the Queen's speech of relevance to NCH include proposals to:

- take action to improve public health and tackle health inequalities
- establish a Commission on Long-Term Care

- give social enterprises, charities and co-operatives an enhanced role in running public services.

3.4 Financial Settlement Announcements

Of immediate consequence has been the measures taken to make £6.2 billion of savings in this financial year (2010/11). The Government has announced that it will re-examine all spending approvals made since 1st January 2010 and all pilot schemes, to ensure they are consistent with the priorities of the new Government. Only those judged to represent 'value for money' may go ahead.

There has already been an announcement from the Homes and Communities Agency regarding the 'Kickstart' funding being used to support a number of housing schemes around the country. The Stonebridge Park estate regeneration work in St Ann's is affected by the decision to remove £50m from this funding stream (as part of a decision to reduce spending at the HCA by £230m). There will almost certainly be more similar announcements.

Further to this there will be an emergency budget on 22nd June. It is expected that this will outline how the main burden of the deficit reduction will be borne. The Government has announced that they intend to address this by reducing spending rather than increasing taxes. Following the emergency budget, a full-scale spending review that will set out departmental budgets is planned to take place in the autumn.

4 FINANCIAL OUTTURN 2009/10

4.1 A financial outturn report was presented to Finance and Audit Committee on 17 May along with a set of draft accounts for the 2009/10 year and these were discussed in detail.

4.2 NCH Fee

The Company made an overall surplus of £529k 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 NCC's Housing Revenue Account, an accrual has therefore been raised for £529k which brings the overall position for the year before FRS17 entries (Financial Reporting Standard 17 – Pension Accounting) back to zero. The majority of this surplus relates to slippage on projects and therefore NCH have requested that £407k of this money is repaid to NCH in 2010/11 to complete these projects. These figures are subject to external audit by Grant Thornton during June 2010 and the final accounts will then be presented to the Board for approval, following scrutiny by the Finance and Audit Committee.

4.3 NCC Housing Revenue Account

For the Council's Housing Revenue Account (HRA) as a whole the

position is better than anticipated at the time when the budget was set. There was an underachievement of income of £81k (excluding housing subsidy) which was more than offset by underspends in expenditure of £1,783k (excluding housing subsidy). The most significant area of underspend (for the second consecutive year) was the provision for bad debt, expenditure of £245k against a budget of £850k, this reflects the fantastic work which has been done to reduce rent arrears. The estimated balance carried forward within the HRA is £4.7m against a budgeted amount of £3.0m, significant carry forwards have been requested against this figure.

4.4 NCC Capital Programme Managed by NCH

Final capital expenditure on NCH managed schemes was £46m against approvals of £47.1m. The main reason for the underspend was the underspend on the fire damaged properties budget, this budget should always be considered as a contingency budget. The other underspends on the programme have been requested as budget carry forwards as they represent work in progress.

A decision on both revenue and capital carry forwards will be taken by NCC's Executive in June.

5 **HRA REVIEW**

- 5.1 The Government issued a second consultation paper on this on 25 March 2010 with a deadline for responses of 6 July 2010. NCC and NCH are preparing a joint response to this consultation paper. A presentation was made to the Board Away Day on 4 June which illustrated the potential financial impact for Nottingham's Housing Revenue Account. A number of information providing sessions have been arranged for tenants so that their feedback can be incorporated into the response for Government. NCC's Executive will receive a report at its meeting on 22 June which gives additional background information and seeks delegated authority for the Lead Member for Housing to agree the joint response to Government. A workshop style event is being arranged for key officers and Members at the City Council to review the potential financial impact on both the City Council's HRA and General Fund Accounts. A copy of the response will be provided to NCH Board Members.

6 **COMMUNICATIONS AND MARKETING UPDATE**

6.1 Awards

Our Procurement Team came runner-up in the national Housing Heroes Awards in May. Members of the team and the Residents' Procurement Group went to the awards at London's Hilton Hotel on 14 May 2010.

We have also entered into the Homes and Communities Agency (HCA) Awards in the 'Investing in Skills' category – we await the result of this

nomination. Over the next few weeks we plan to enter the Youth Build UK's Young Builder of the Year Awards.

6.2 General

This month the Marketing and Communications team has worked on the promotion of Adult Learners' Week and covering 'back to the floor' exercises, supporting the Health and Safety team in hosting a Fire Safety event at Clifford Court and distributing the latest edition of the tenant newsletter.

7 **REVIEW OF TENANT AND LEASEHOLDER INVOLVEMENT SERVICE**

7.1 As reported to the joint Board and TLC meeting in February, we are undertaking a review of our tenant and leaseholder involvement service. The review aims to ensure we place tenants at the heart of what we do, recognising that this is the best way to do business. We also need to ensure we have the best processes and structures in place to move towards tenant led self regulation and meet the national agenda and priorities in relation to tenant engagement.

The review is scoped to last to the end of August 2010, culminating in a new framework and strategy being launched in September to coincide with NCH's Getting Involved Month. The review will determine our offer in relation to the TSA's standard on Tenant Involvement and Empowerment and shape our approach to co-regulation as required by the TSA. Key themes within the review include: Critique of current arrangements; Building capacity; Developing resident scrutiny; Embedding involvement; Local engagement; Partnership working.

8 **UPDATE ON TSA**

8.1 The development of an annual report is a new requirement placed on all social housing providers by the TSA. The Annual Report will be a key tool for the TSA in monitoring regulatory compliance. The report will certify compliance with the TSA national standards and will be 'signed off' by Boards. The level of assurance the TSA gain from this self-assessment will be influenced by the degree to which providers are transparent, involve their tenants in scrutinising performance and adopt external validation such as benchmarking, peer review and third party accreditation

We are proposing to involve tenants, staff and the Board in developing our annual report through a self assessment process. The process would be along the same lines as the KLOE assessment events where stakeholders are engaged in considering our services and performance and identifying gaps. We are proposing to hold this event in early July, to enable full consultation and approval of the report prior to submission. We will require NCC to sign off the report as the registered provider with the TSA.

9 EQUALITY AND DIVERSITY UPDATE

9.1 There has been significant progress in delivering the company's objective – A Major Push on Equality and Diversity. A new 3 year Single Equality Scheme has been developed and is now open for consultation. The company's tenant and employee Forums have been involved in its development and a tenant consultation workshop to complete the Equality Impact Assessment is being held on 16 June at Hounds Gate Offices. The scheme will be received at the Business and Development Committee on 24th June.

The Scheme brings together our commitment and our action plan to offer choice and to develop our services and employment opportunities for seven equality strands. These comprise Age, Gender, Disability, Sexual Orientation, Race, Religion and Belief and Transgender. The scheme also looks at our approach to community cohesion which dovetails into our Tenant Involvement Strategy which is currently under review. The scheme will be supported with a range of induction courses for company managers and employees starting in July 2010.

The Equality and Diversity team organised a successful Diversity Week during week commencing 16 April. The purpose of the week was to focus all employees on their individual and collective work to deliver our major push. Each service area implemented a range of projects and initiatives with a focus on customer profiling, raising awareness and shaping customer services. Our successes during the week culminated in a Diversity Week Awards Ceremony which was held on 21 May at Hounds Gate Offices. Janet Storar, Chris Langstaff and Mike Bent, Corporate Director, Pathway Solutions were invited to attend as Guest Speakers. An ex housing employee, Mike Bent is now a respected entrepreneur in Nottingham and is a Board member of One Nottingham and Vice Chair of the Fairness Commission. The event was well attended and a range of awards were presented by Board and Committee Chairs and members of the tenant forums.

Mike Bent was very impressed with the event and to demonstrate his commitment he has agreed to fund the awards for Diversity Week next year.

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