

NOTTINGHAM CITY HOMES

REPORT OF THE DIRECTOR OF STRATEGY AND PARTNERSHIPS

THE BOARD
29 JULY 2010

BUSINESS PLANNING REVIEW

1 SUMMARY

- 1.1 This report summarises the key changes in the external environment for Nottingham City Homes and provides some key principles on how we propose to respond.

2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 Note the contents of the report; and
- 2.2 Agree the key principles and proposals for the Company review set out in Section 4 of this report.

3 BACKGROUND

- 3.1 At the Board's away day in June 2010, the senior management team and the Board together with the Executive Management Team considered the future of NCH by identifying the key anticipated changes to the environment including national and local policy changes.

Since this event, the government have made further announcements both on structural and policy changes but also on spending cuts, including in-year cuts.

The pace of announcements are quick and the challenge for all public sector organisations over the coming weeks and months is to make coherent sense of the changes, their implications and thus to effectively plan and make budget decisions. Nottingham City Homes needs to do the same and this paper aims to set out how we, together with our tenants, propose to do that.

- 3.2 General context

The new coalition Government has some clear messages about its priorities for central and local government. These are:

- The fundamental need to eliminate the structural deficit and therefore decrease immediately public sector funding
- “Localism” – decentralisation, and pushing power to local level
- “Big Society” – allowing people to have power
- An end to regional government and significant decrease in government QUANGOs
- The aim to be the “greenest government ever”.

Some of these policy ideas have not yet translated into white papers and fully blown policy documents, whilst the structural changes and budget cuts have been announced relatively quickly.

3.3 Housing Key Headlines

3.3.1 These new intentions of the Government translate into an number of key announcements which impact on housing and Nottingham City Homes:

Budget:

- CLG to make £780 million in-year savings
- Housing and Communities Agency cuts of £440 million including from the national affordable housing programme and Kickstart Round 2 budget
- Review of the Housing Revenue Account to be continued
- Introducing a range of restrictions on Housing Benefit
- Some immediate cuts to Supporting People programme and other area based grant activities
- Pay freeze for all public sector employees

3.3.2 There have been no announcements on Decent Homes funding but options might include re-phasing the programme and/or reducing it.

3.3.3 Other announcements:

- Future of TSA is “toast” – well not quite yet.
- Abandoning the previous governments’ targets on the delivery of new homes.
- Abolition of regional structures and return to local councils having decision making powers on planning and housing

3.4 Implications for Nottingham and Nottingham’s tenants

3.4.1 The full impact of the changes can be difficult to predict but in Nottingham, 1 in 3 jobs are in the public sector so decrease in jobs, changes in pay could have a disproportionate impact. More specifically the changes to welfare and poverty related activity are likely to impact on the most vulnerable and therefore our tenants, leaseholders and those in housing need.

3.4.2 A number of the public sector organisations are expected to make in - year and these include:

- Nottingham City Council -
- Nottinghamshire Police
- Crime and Drugs Partnership
- NHS Nottingham City
- Job Centre Plus

3.4.3 In addition the Coalition Government has released its Health White paper which proposes the abolition of Primary Care Trusts and making consortia of GPs to take control of budgets and commissioning. The key issues for Nottingham are to maintain the focus on health inequalities.

3.4.4 We will have to wait for any announcement on the changes to the Decent Homes programme. Clearly the implications of even re-phasing is the broken promises and assurances to tenants. We will be making every attempt to ensure that the message of our Decent Homes programme and its added value is promoted.

3.5 Ten year management agreement

3.5.1 The new ten year management agreement sets out a new strategic partnership relationship which also places some new expectations on NCH. This includes:

- 3.5.2
- Responsibility for development of policies in relation to local authority housing.
 - The responsibility for developing asset management strategy, in line with Council's wider strategy
 - There is also a renewed emphasis on NCH contributing to wider social, economic and environmental agendas particular as set out in the Sustainable Communities strategy.

4 NCH PLANNING FOR CHANGE

4.1 It is proposed that in light of the significant changes we review our Business Plan and focus on how we can make NCH fit for purpose for the forthcoming "age of austerity". The government has asked for between 25 – 40% savings and with a particular focus on reducing managerial and support service costs. In particular we will aim to re-align our services to focus on the changing needs of our tenants and customers.

4.2 Our core principles for our approach can be captured into two themes: involvement and sustainability:

- 4.2.1
- Involvement:
 - it will remain a key principle for NCH that we engage and involve tenants in everything we do
 - we will also be an organisation that seeks to engage and involve our staff at all levels of the organisation
 - we will work in partnership Nottingham City Council and where appropriate with other organisations both to realise the right added value to services for tenants, leaseholders and our customers and efficiencies possible through collaborative working

- 4.2.2
- Sustainability:
 - We will ensure our objectives are aligned to achieving the social, economic and environmental impact consistent with Nottingham's wider strategic agenda
 - We will aim to create appropriate succession planning for our leaders, managers, staff and involved tenants
 - We will aim to be financially sound by developing our commercial and financial awareness
 - Build on our strengths including key areas such as procurement

4.3 Our programme of business review will include:

- To continue to prepare for presentation of our TSA annual report for 1st October but ensure a strong emphasis on value for money (this is subject to a further report on this agenda)
- To carry out an immediate in-year budget review with a view to ensuring "invest to save" activity is prioritised (including funding for redundancies).
- To review our current key projects to ensure appropriate scope and assumptions for, and capacity to deliver are fit for purpose
- To review our approach to cultural change, including ensuring HR policies and practices are fit for purpose.
- To carry out a systematic programme of reviews of our "back office" services to deliver efficiencies.

Our aim will be to prepare a coherent review process which includes all these elements and does not duplicate effort.

4.4 Key dates of the programme:

July	Overall
1 st September	Self-Assessment day
September – October	Consultation with tenants on options based on different scenarios of in-year and next year budgets
October	Comprehensive Spending Review HRA Subsidy announcement
January	Budget and reviewed business plan to Board.

5 FINANCIAL AND RISK IMPLICATIONS

5.1 The purpose of the review is to deliver the a business plan which is viable in the new financial environment

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

6.1 Our overall objectives of Nottingham City Homes

7 VALUE FOR MONEY AND EFFICIENCY ISSUES

7.1 The review will identify the value and efficiencies required

8 EQUALITY AND DIVERSITY IMPLICATIONS

8.1 Our major push on equality and diversity is part of our approach to cultural change

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

9.1 NCH Business Plan 2010- 2013

CONTACT OFFICER: Amanda Schofield
 Director of Strategy and Partnerships
 14 Hounds Gate
 Nottingham
 NG1 7BA
 Tel: 0115 9157351
 E-mail:
 Amanda.schofield@nottinghamcityhomes.org.uk

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