

NOTTINGHAM CITY HOMES

FINANCE & AUDIT COMMITTEE
9 NOVEMBER 2009

REPORT OF DIRECTOR OF FINANCE, ICT & GOVERNANCE

HALF YEAR (PERIOD 6) FINANCIAL REPORT

1 SUMMARY

- 1.1 This report is to present to the Finance and Audit Committee the second quarter financial report for the financial year 2009/10.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Finance & Audit Committee note the report.

3 REPORT (Detailed Appendix attached)

- 3.1 A summary of the financial position at the end of September is attached as Appendix A.

4 LATEST FORECAST FOR 2009/10

- 4.1 Appendix A shows a projected revenue surplus of £30k for the financial year. Details of variances for the revenue income and expenditure are provided in the Appendix.
- 4.2 Capital expenditure is currently forecast at £47.6m, against approvals of £48.1m. Scheme by scheme details are provided in Appendix B.

5 KEY REVENUE ASSUMPTIONS AND VARIANCES

- 5.1 The key assumptions underlying the forecast are as follows -
- The pay award has been agreed for APT&C staff at 1%
 - Senior staff will not receive a pay increase
 - Craft workers pay award is still being negotiated and is included in the current forecasts at 1%
- 5.2 The main variances are due to –
- There are savings within staffing budgets in Housing Services as a result of higher than budgeted staff vacancies.
 - There are a number of variances within Property Services as budgets and actual expenditure are re-aligned to better fit the business.

- There is a projected overspend within property services of £615k at the current time, the major reason for this is that the efficiency savings which were assumed within the contract price have not yet been implemented. Property Services are reviewing all income and expenditure to try and mitigate this loss.
- Pay award within NCH was budgeted for at 2.5% and the actual amount awarded is significantly less than this. The pay award budget was held as a central contingency and savings are therefore projected in this area.

6 RISKS

6.1 The risks to income are –

- If there should be a swine flu pandemic then it may not be possible for repairs operatives to visit all tenants homes, this could result in loss of income to the repairs trading account. In addition if a large number of staff are absent at the same time then there will be pressure on the staffing budget as a result of employing additional temporary or agency staff. This risk is extremely unlikely and the business continuity group are meeting on a weekly basis to discuss swine flu at the current time.

6.2 The expenditure risks are –

- Where there is a difference between budgeted expenditure with NCH for SLAs and budgeted income within NCC.
- NCC may increase the cost of office accommodation to NCH.

6.3 The current projected savings within Housing Services may be reinvested to improve service delivery and may not result in savings by the year end.

6.4 The Capital Programme is on target to spend in line with the budget for expenditure.

7 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

7.1 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.

8 VALUE FOR MONEY & EFFICIENCY ISSUES

8.1 The 2009/10 budget included value for money savings identified in 2008/09.

9 EQUALITY & DIVERSITY IMPLICATIONS

9.1 One of the key themes as identified in the 2009/10 delivery plan is a major

push on equality and diversity. Consideration is to be given to budget implications of delivering the equality strategy including single status and this has been flagged within the areas identified for the spend to save initiatives budget (see above). Officers within the company are working together to ensure that there are sufficient budget resources to deliver the equality and diversity strategy.

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

10.1 NCH Budget 2009/10

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