

## NOTTINGHAM CITY HOMES

REPORT OF DIRECTOR OF  
FINANCE, ICT & GOVERNANCE

FINANCE & AUDIT COMMITTEE  
8 FEBRUARY 2010

### PERIOD 9 FINANCIAL REPORT

#### 1 SUMMARY

- 1.1 This report is to present to the Finance & Audit Committee the third 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 December 2009 is attached as Appendix A.

#### 4 LATEST FORECAST FOR 2009/10

- 4.1 Appendix A shows a projected revenue surplus of £501k for the financial year.
- 4.2 Capital expenditure is currently forecast at £47.1m, against approvals of £48.1m. Scheme by scheme details are provided in Appendix B.
- 4.3 Nottingham City Homes receives a management fee of £35.1m from the City's Housing Revenue Account (HRA) in addition to this there is a budget of £18.0m within the HRA for day to day responsive repairs, this budget is not paid through NCH management fee but it is a delegated budget i.e. NCH has responsibility for managing this budget.
- 4.4 The current projection of expenditure on responsive repairs is £850k higher than the estimated figure, this is due to increased volume of responsive repairs and increased numbers of void properties in the first half of the financial year.
- 4.5 NCH is therefore budgeting to underspend on the management fee budget by £0.5m and return this to the HRA to offset against the projected overspend on repairs. The remaining overspend can be accommodated from within the HRA. An action plan is in place to ensure that this situation does not arise again in future financial years, the main points being the setting of a realistic repairs budget for day to day repairs and continuing with the improvements made on void property repairs.

#### 5 KEY REVENUE ASSUMPTIONS AND VARIANCES

- 5.1 The key assumptions underlying the forecast are as follows -

- 5.1.1 The pay award has been agreed for APT&C staff at 1%
- 5.1.2 Senior staff will not receive a pay increase
- 5.1.3 Craft workers pay award has recently been agreed at 1% (this is reflected in the current forecasted figures but has not yet been actioned)
- 5.2 The main variances are due to:–
  - 5.2.1 Income is significantly higher than the phased estimate due to the additional volume of repairs activity which was undertaken earlier in the financial year, the volume of work is now reducing significantly
  - 5.2.2 There are significant savings in staffing costs as the pay award for craft workers has not yet been paid and the company has significantly more staff vacancies than budgeted at the current time.
  - 5.2.3 There is a projected overspend within property services of £575k 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. In the short to medium term the better practice review is ongoing

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 current risks in relation to expenditure are:–
  - 6.1.1 Where there is a difference between budgeted expenditure within NCH for SLAs and budgeted income within NCC
  - 6.1.2 NCC may increase the cost of office accommodation to NCH
- 6.2 The current projected savings within Housing Services may be reinvested to improve service delivery and may not result in savings by the year end.
- 6.3 The Capital Programme is on target to spend £1m less than the approved budget, this work and the resources to pay for it will both be carried forward into the 2010/11 financial year.

## **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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