

NOTTINGHAM CITY HOMES**FINANCE & AUDIT COMMITTEE****REPORT OF THE DIRECTOR OF
FINANCE, ICT & GOVERNANCE****17 MAY 2010****PROVISIONAL FINANCIAL OUTTURN 2009/10****1 SUMMARY**

- 1.1 This report is to present to the Finance & Audit Committee the outturn position for the financial year 2009/10. The figures are subject to external audit during June 2010 and the final audited accounts will be agreed by the Board.

2 RECOMMENDATIONS

- 2.1 To note the report.

3 REPORT (Detailed Appendices attached)

- 3.1 A summary of the financial position at the end of the 2009/10 financial year is attached as Appendix 1.

4 OUTTURN POSITION

- 4.1 Appendix A shows breakeven position for the year. 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 the Housing Revenue Account, an accrual has therefore been raised for £529k which brings the overall position for the year back to zero.
- 4.2 The final figures for the Council's Housing Revenue Account (HRA) were not available at the time of writing this report, but an update will be available at the meeting. The indications are that the figures are broadly in line with the budgeted figures but with a slightly larger working balance carried forward.
- 4.3 Final capital expenditure on NCH managed schemes was £45.955m, against approvals of £47.152m. Scheme by scheme details are provided, showing the overall underspend of £1.197m within Appendix B. The majority of this underspend has been requested to be carried forward into 2010/11 as it relates to work in progress.

5 KEY REVENUE VARIANCES

- 5.1 There are some significant underspends across the company for 2009/10 and a significant overspend within property services. The major reason for this is that the efficiency savings which were assumed within the contract

price have not yet been implemented. In the short to medium term the better practice review is ongoing.

The 2010/11 budget has been calculated to accurately reflect the amount of budget resources needed across all areas of the company.

- 5.2 NCH has officially requested that £407k of the surplus which has been repaid to the HRA is carried forward into the 2010/11 NCH budget. A table showing the requested carry forward items is shown below;

Item	£000's
Contact Centre Plan	13
Performance Management Software	15
Choice Based Lettings Project	20
Telephony ICT Project	85
Mobile working project	79
Repairs Handbook	20
Allocation Policy - distribution	15
E Recruitment – phase 2	30
Legal costs – specific case	30
Estate Works	100
Total	407

NCH will not know if these carry forward requested have been approved until after the Council's Executive Board approves the outturn position for 2009/10 at its meeting in either June or July.

- 5.3 The most significant underspends and overspends were as follows –

- **Housing Services**
 - Additional income from Nottingham on Call - £158k
 - Extra Income for continuing START contract - £360k
 - Property costs were in excess of those budgeted as it was assumed at the time of setting the budget that NCH would reduce the number of offices which it operated from - £223k
 - Savings in Supplies & Services Costs, various budgets across all sections - £198k
- **Organisational Development**
 - Employee costs due to savings in recruitment and occupational health costs - £172k
 - Significant savings in supplies and services due to a large provision being allowed in the budget for any costs arising as a result of the District Auditors report, this provision has not been required in 2009/10 - £303k
- **Finance, ICT & Governance**
 - Some small savings on SLAs and an underspend on ICT special items budget - £148k
- **Strategy & Partnerships**
 - Savings across all supplies and services budgets especially in the

- 5.4 Board members are aware that Property Services budgets have been significantly overspent during both the financial years 2008/09 and 2009/10. In 2008/09 they overspent across all budget areas, as part of the preparation of the 2009/10 budget the figures within Property Services were recalculated but it was assumed in the budget that the repairs contract would break even. The repairs contract made a loss of £1,959k this position is unsustainable going forward and the better practice review is in progress. A number of other actions have taken place to address this significant overspend position, including a significant reduction in expenditure on sub contract labour.

6 KEY CAPITAL VARIANCES

- 6.1 Appendix B shows where there is a variance between the budget and actual expenditure on a scheme by scheme basis for the capital programme. The NCH managed capital programme underspent by £1.2m, a large proportion of this was due to an 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.

7 FINANCIAL AND RISK IMPLICATIONS

- 7.1 This report has been produced by the Director of Finance, ICT and Governance.
- 7.2 The report concerns 2009/10 and the risks to be considered are those connected with the budget position going forward. The areas of insufficient budget allocation in 2009/10 have been addressed for the 2010/11 budget. There were a number of reductions across the whole company for the 2010/11 and this budget will need to be managed and monitored during the year. Budget training for all managers was delivered during 2009/10 and refresher training will be delivered during 2010/11.

8.0 OTHER FINANCIAL ISSUES

- 8.1 It is a requirement of financial regulations that the amount of NCC debt (cash owed to NCH by Nottingham City Council) that is over 12 months old as at 31 March is reported to Finance and Audit Committee. The figure as at 31 March 2010 was £26,292 (previous years figure is not available for comparison)

9 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 9.1 A robust financial budget incorporating the impact of VFM & E initiatives is essential to support NCH objectives of providing good quality, affordable and well managed housing.

10 VALUE FOR MONEY & EFFICIENCY ISSUES

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

11 EQUALITY & DIVERSITY IMPLICATIONS

11.1 One of the key themes as identified in the 2010/11 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.

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

12.1 NCH 2009/10 Budget and Final Outturn Position – Appendix 1

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