

NOTTINGHAM CITY HOMES

PERFORMANCE AND REGULATORY COMMITTEE 30 OCTOBER 2007

REPORT OF THE INTERIM DIRECTOR OF FINANCE

QUARTERLY FINANCIAL REPORT

1 SUMMARY

- 1.1 This report is to present to the Performance and Regulatory Committee the second quarter report for the financial year 2007/08.

2 RECOMMENDATIONS

- 2.1 To 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 2007/08

- 4.1 Appendix A shows a projected revenue surplus of £120,000 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 £26.728m, against approvals of £26.276m. Scheme by scheme details are provided, but it should be noted that Highbury Vale Phase 10 is the scheme with the most significant variance and agreement for £490,000 has been requested.
- 4.3 It should be noted that two schemes are shown as "red." For HIMO Fire Regulations, a request for additional funding has been sent to Nottingham City Council (NCC). The forecast for Fire Damaged Properties is forecast at 6% over the approved figure and this will be discussed with NCC.

5 KEY REVENUE ASSUMPTIONS AND VARIANCES

- 5.1 The key assumptions underlying the forecast are as follows -
- The pay award is settled with an increase in line with the budget.
 - The provision made for job evaluation costs will not be required until 2008/09.
 - The costs of the District Audit investigation will fall into 2008/09.

- 5.2 The main variances are due to –
- Delays in SLA negotiations will result in less than £250,000 being saved in this financial year.
 - There are some savings in equipment rental costs, which are the result of the depreciation budget being overstated.
 - There was no income or expenditure budgetary provision for the START Team, but delays from Nottingham City Council in making their arrangements have meant that NCH has carried out this work to date.
 - There have been overspends in Housing Operations due to large increases in fuel prices on renewal of the supply contracts.
 - Capital Voids work exceeds the budget, resulting in both expenditure and income being over budget.

6 RISKS

- 6.1 The risks to income are –
- Development bids may not all be funded
 - Delays in invoicing works need to be overcome to avoid the risk of overstating income
 - Capital fees have still not been formally agreed with Nottingham City Council
- 6.2 The expenditure risks are –
- Delays in implementing the new employee structures result in the continued employment of more expensive agency staff
 - Redundancy costs associated with those structures have yet to be assessed and may exceed the provision

7 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 7.1 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 that will achieve at least a 2 star rating.

8 VALUE FOR MONEY & EFFICIENCY ISSUES

- 8.1 The 2007/08 budget included value for money savings identified in 2006.

9 EQUALITY & DIVERSITY IMPLICATIONS

- 9.1 The budget provides adequate resources for the Company to implement its equality and diversity strategies.

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

10.1 NCH Budget 2007/08

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