

**NOTTINGHAM CITY HOMES****PERFORMANCE AND REGULATORY  
COMMITTEE  
30 OCTOBER 2007****REPORT OF THE  
INTERIM DIRECTOR OF FINANCE****SLA REVIEW PROGRESS UPDATE****1 SUMMARY**

- 1.1 This report is to update the Performance and Regulatory Committee on the current situation with regard to SLA reviews with the City Council.

As part of the company's Value for Money & Efficiency plans, NCH agreed to undertake a full VFM review of all services provided by NCC under the terms of an SLA. All SLA services were identified and a plan to complete full market testing of these services was developed with some being undertaken in 2006/07 and a handful carried over into 2007/08 (primarily because there was an expectation that enabling initiatives would have been implemented making separation more of a real possibility).

NCH officers were assigned to each service area and trained by Housemark and NCH Finance in how to approach the reviews and negotiate improved VFM. Key contacts were established in NCC with a 'barrier breaker' at very senior level appointed to push the reviews through within NCC. Monthly monitoring, including a regular review with the senior NCC contact was established.

**2 PROGRESS UPDATE**

- 2.1 The attached appendix summarises the current position, actions required going forward and the past, current and future year costs/budgets associated with all departmental service area SLAs.
- 2.2 Continued progress has been made with the majority of SLA reviews since the last SLA update report was presented to NCH Board in May and further cost savings will be delivered during 2007/08 as a result of this progress. Where progress in agreeing up to date SLAs and establishing cost savings has slipped this has been caused by a variety of reasons, notably:

- Changes in SLA service requirements;
- Delays in receiving detailed and robust service costings from NCC;
- NCH staff turnover and sickness absence;
- Staff TUPE implications; and
- The agreed SLA withdrawal notice period of 6 months.

NCH is committed to completing these reviews as soon as possible to maximise further efficiencies and cost savings.

The City Council had previously confirmed that NCC officers would provide prompt support to NCH in completing these important reviews by the end of September so that the agreed notice period of six months could be exercised in time to take effect in 2008/09. However, this has not been the case in a significant number of instances and work performed by NCH to agree newly drafted SLAs has been delayed as the City Council continues to compile detailed and robust costings of the services proposed.

- 2.3 A number of services remain the responsibility of the City Council e.g. CCTV and Streetscene. These will be picked up as part of the work with the City to review how best to deliver service relating to the public realm.

### **3 RECOMMENDATIONS**

It is recommended that the Performance and Regulatory Committee agree the proposals identified and highlighted in the attached table, notably:

- 3.1 To acknowledge the withdrawal, in part or in full, from the following SLAs effective on the following dates;
- Health and Safety (Full) – 31<sup>st</sup> March 07.
  - Building Cleaning – Residencies (Part) – 15<sup>th</sup> October 07.
  - Financial Services – Internal Audit (Part) – 31<sup>st</sup> March 07.
  - Fleet Management – Admin Charge (Part) – 31<sup>st</sup> March 07.
- 3.2 To approve the following 2007/08 SLAs agreed with the City Council;
- Drainage Services.
  - Refuse Collection and Skip Hire

### **4 IMPACT ON 2 STAR STATUS**

- 4.1 The Audit Commission was critical of NCH's ability to control overhead costs. SLAs and recharges represent a very high proportion of NCH's costs and monitoring of service delivered for these charges has been poor. A full review of services provided and the value for money and efficiency of these services is essential if we are to demonstrate improvements at the next inspection.

### **5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES**

- 5.1 Cost savings delivered will increase funding available to deliver better levels of service to NCH customers.

### **6 RISK ASSESMENT**

- 6.1 The risks associated with holding Service Level Agreements with the City Council have been summarised in the table below together with an assessment of their effect on NCH's objectives and a statement of the mitigating actions put in place by NCH to manage and minimise risk.

<u>Risk</u>	<u>Likelihood</u>	<u>Impact</u>	<u>Mitigation</u>
NCC SLAs do not accurately reflect the services required by NCH.	HIGH	MEDIUM	NCC to provide summaries and detailed costings for all services provided within existing SLAs. NCH officers assigned to review services charged against those required by NCH for each SLA.
NCC SLAs include charges for services not received by NCH.	MEDIUM	LOW	As above.
Signed, agreed and approved SLAs are not in place for all services provided from or to NCC.	HIGH	MEDIUM	NCH officers assigned responsibility for updating and agreeing all SLAs with established NCC key contacts. Existing SLAs reviewed against past and current year budgets and actuals. Summary of all SLAs monitored by EMT and P&R Committee.
Current NCC SLAs do not provide VFM and/or include efficiency savings.	HIGH	HIGH	NCH officers assigned to review services charged against those required by NCH for each SLA. Key NCC contacts established to enable NCH officers to discuss and review the services included within each SLA. Benchmarking & market testing performed to identify possible future cost savings & current SLA inefficiencies.

## 7 VALUE FOR MONEY & EFFICIENCY ISSUES

- 7.1 Benchmarking against charges made to other similar sized ALMOs indicates that there are significant opportunities to improve services at lower costs to NCH.

Controls have been put in place in an attempt to ensure that all current SLAs reflect the level of service desired by NCH and that these services are accurately reflected in the charges levied by the City Council, through the production of detailed supporting cost information.

Subsequently mechanisms have, or will, be put in place to perform market testing of all services received from the City Council to ensure that where it is established that VFM is not currently being obtained, NCH can withdraw from the SLA or renegotiate an equitable reduction in the City Council's contract price.

See also Section 2 above on risk management.

## 8 EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 None

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

- 9.1 VFM & Efficiency Strategy

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