

NOTTINGHAM CITY HOMES**PERFORMANCE AND REGULATORY COMMITTEE****REPORT OF THE HEAD OF FINANCE****5 FEBRUARY 2008****QUARTERLY FINANCIAL REPORT****1 SUMMARY**

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

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 December is attached as Appendices A and B.

4 LATEST FORECAST FOR 2007/08

- 4.1 Appendix A shows a projected revenue surplus of £56,239 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 £25.578m, against approvals of £26.788m. Scheme by scheme details are provided, showing the overall underspend of £1.210m within Appendix B.
- 4.3 It should be noted that one scheme is shown as "red." The Victoria Centre Fire Alarms scheme will now be delayed until next year owing to legal proceedings being in progress.

5 KEY REVENUE ASSUMPTIONS AND VARIANCES

- 5.1 The key assumptions underlying the forecast are as follows -
- There is a significant pressure on the repairs and maintenance budgets, but this will be contained to the extent that savings across the business as a whole offset the overspend.
 - The provision made for job evaluation costs will not be required until 2008/09.
 - The costs arising from the District Audit investigation will fall into 2008/09.
 - Additional one-off costs associated with the restructure will be supported by resources made available from the HRA working balance.

- 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 minor overspends in Housing Operations due to large increases in fuel prices on renewal of the supply contracts, but savings elsewhere will more than offset these.
 - 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. Not all of the bids submitted have been approved by Nottingham City Council, because of the overall budget position of the HRA for both the current and next year. In addition some significant bids are linked to ICT developments which draw on the findings of the IS/ICT Strategy for the Company, which has not been finalised at the time of writing.
 - 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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