

NOTTINGHAM CITY HOMES

PERFORMANCE AND REGULATORY COMMITTEE

11 NOVEMBER 2008

REPORT OF DIRECTOR OF FINANCE, ICT & GOVERNANCE

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 2008/09.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Committee 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 2008/09

- 4.1 Appendix A shows a projected revenue deficit of £147k for the financial year. Details of variances for the revenue income and expenditure are provided in the Appendix.

- 4.2 The latest trading position for the repairs contract shows a surplus of £517k the projection for the whole year shows a breakeven position.

- 4.3 Capital expenditure is currently forecast at £22.8m, against approvals of £23.3m. Scheme by scheme details are provided.

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 (2.5%)
- The costs of the District Audit investigation will fall into 2008/09.
- The repairs contract breaks even

- 5.2 The main variances are due to –

- There was no income or expenditure provision within the 2008/09 budget 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. This income and expenditure is currently included in the forecast until November 2008.
- There have been overspends within the employees budget as a result of delays in implementing the restructure. This has resulted in a number of staff being paid for where there is no budget. These

costs have now concluded at a cost of £450k.

6 RISKS

6.1 The risks to income are –

- Income from Adult Services Health and Housing (ASHH) for the use of Houndsgate was included within the budget for a whole year. ASHH occupied Houndsgate only until 13 June 2008. There will be savings from the accommodation costs of using other buildings once the staff move to Houndsgate.
- Capital fee income is higher within the NCH budget than the expenditure line is within the Capital Programme (a difference of £200k). Currently the expenditure of staff working on the capital programme is below budget.

6.2 The expenditure risks are –

- The budgeted pay increase was 2.5%, negotiations are still ongoing between employers and the unions on a national basis, but currently inflation is running at levels considerably in excess of 2.5%
- Fuel and energy costs have increased over and above anticipated levels; these risks are mitigated by being more fuel efficient across the company.
- A reduction of £300k was included within the 2008/09 budget which was anticipated as a reduction in SLA charges from NCC. We have not yet received any invoices for SLAs so we do not know if these savings will be achieved.

6.3 The Capital Programme is on target to spend in line with the budget for expenditure. It is unlikely that the budgeted level of capital resources will be achieved. A significant amount of work is being completed to balance capital resources to expenditure.

7 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

7.1 A robust financial budget incorporating the impact of VFM 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 2008/09 budget included value for money savings identified in 2007/08.

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 2008/09

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