

NOTTINGHAM CITY HOMES

PERFORMANCE AND REGULATORY COMMITTEE

10 FEBRUARY 2009

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 third quarter financial report for the year 2008/09.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Performance & Regulatory Committee note the report.

3 REPORT (Detailed Appendix attached)

- 3.1 A summary of the financial position at the end of December is attached as Appendix A.

4 LATEST FORECAST FOR 2008/09

- 4.1 Appendix A shows a projected revenue deficit of £133k 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 £114k the projection for the whole year shows a breakeven position.

- 4.3 Capital expenditure is currently forecast at £23.4m, against approvals of £22.8m. 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 no greater than the budgeted amount of 2.5%
 - 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 January 2009.
 - 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.

- There are a number of large variances within property services as a result of the way the original budget was calculated, these issues have been addressed for the 2009/10 budget.

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 Hounds Gate 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, craft workers have agreed a 2.45% pay award, other officers have been paid 2.45% pay award on account and further negotiations are taking place (0.05% costs the company approximately £10k)
- 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 current projection of £133k overspend represents 0.2% of total turnover for the Company. Actions are in place to bring actual expenditure and income back to a breakeven position. The actions include vacancy management for all posts and reductions in all non essential running cost expenditure.

6.4 The Capital Programme is on target to spend in line with the budget for expenditure, with the exception of the Aids & Adaptations budget which is forecasting an overspend of £900k, additional resources have been identified by the City to fund the additional work. A revised capital budget has been approved for 2008/09 which takes account of the reduced level of capital resources available.

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 service.

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 Officers within the company are working together to ensure that there are sufficient budget resources to deliver the equality and diversity strategy.

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

10.1 NCH Budget 2008/09

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