

## NOTTINGHAM CITY HOMES

PERFORMANCE & REGULATORY  
COMMITTEE  
12 MAY 2009

### REPORT OF THE DIRECTOR OF FINANCE, ICT & GOVERNANCE

#### PROVISIONAL FINANCIAL OUTTURN 2008/09

#### 1 SUMMARY

- 1.1 This report is to present to the Performance and Regulatory Committee the outturn position for the financial year 2008/09. The figures are subject to external audit during June 2009 and the final audited accounts will be agreed by the Board on 30 July.

#### 2 RECOMMENDATIONS

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

#### 3 REPORT (Detailed Appendices attached)

- 3.1 A summary of the financial position at the end of the 2008/09 financial year is attached as Appendices A and B.

#### 4 OUTTURN POSITION

- 4.1 Appendix A shows breakeven position for the year. The company made an overall surplus of £133k for the financial year against a budgeted breakeven position on a turnover of £68.3m. In accordance with the management agreement NCH must repay any surpluses to the Housing Revenue Account, an accrual has therefore been raised for £133k which brings the overall position for the year back to zero.
- 4.2 For the Council's Housing Revenue Account (HRA) as a whole, the position is better than anticipated at the time the budget was set, there was an under achievement of income of £319k which was off set by underspends on expenditure of £900k. The most significant area of underspend was the provision for bad debt, expenditure of £634k against a budget of £1,125k reflecting the reduction in arrears. The estimated balance carried forward within the HRA is £3.1m against a budgeted amount of £2.5m.
- 4.3 Final capital expenditure on NCH managed schemes was £24.162m, against approvals of £25.797m. Scheme by scheme details are provided, showing the overall underspend of £1.6m within Appendix B.

#### 5 KEY REVENUE VARIANCES

- 5.1 There are some significant underspends across the company for 2008/09

and a significant overspend within property services. This is due to the fact that insufficient budget resources were allocated to property services at the time of setting the 2008/09 budget. This was recognised early during the 2008/09 financial year and action was taken to address this across the whole company. Staffing vacancies have been managed and expenditure on supplies and services has been restricted. The 2009/10 figures have been calculated to accurately reflect the amount of budget resources needed across all areas of the company.

5.2 There have been no official requests for budget carry forwards from 2008/09 into 2009/10 from any department within NCH.

5.3 The most significant underspends, excluding Property Services budgets, which are dealt in paragraph 5.4 onwards, were as follows –

- Extra Income for continuing START contract - £637k
- Reduced staffing costs due to all vacancies being managed throughout the year -£552k
- Reductions in Supplies & Services Costs, all non essential costs have been stopped during the second half of 2008/09 - £1,340k

5.4 Property Services budgets have been under particular pressure in 2008/09. Insufficient budgets were provided for the whole of property services as these budgets were not reviewed in November 2007 when all other budgets were reviewed, as all staff were concentrating on the tender for the repairs service. These budget issues have been addressed from 2009/10.

5.5 Certain assumptions were made at the time of tendering for the repairs contract, there have been some delays in implementing some of these efficiencies and this has had an impact on the contract trading account.

## **6 KEY CAPITAL VARIANCES**

6.1 Appendix B shows where there is a variance between the budget and actual expenditure on a scheme by scheme basis for the capital programme. There were no official revisions to the capital programme following the award of the additional £10m funding from CLG for decent homes work. We can demonstrate that £10m had been spent on decent homes expenditure during 2008/09 but as a result of this some of the other capital resources have been carried forward.

## **7 FINANCIAL AND RISK IMPLICATIONS**

7.1 This report has been produced by the Director of Finance, ICT and Governance.

7.2 The report concerns 2008/09 and the risks to be considered are those connected with the budget position going forward. The areas of insufficient budget allocation in 2008/09 have been addressed for the 2009/10 budget. There were a number of reductions across the whole company for the 2009/10 and this budget will need to be managed and

monitored during the year. Budget training has been arranged for all budget managers during May 2009.

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

- 8.1 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.

## **9 VALUE FOR MONEY & EFFICIENCY ISSUES**

- 9.1 The 2008/09 budget included value for money savings identified in 2007.

## **10 EQUALITY & DIVERSITY IMPLICATIONS**

- 10.1 One of the key themes as identified in the 2009/10 delivery plan is a major push on equality and diversity. Consideration is to be given to budget implications of delivering the equality strategy including single status and this has been flagged within the areas identified for the spend to save initiatives budget (see above). Officers within the company are working together to ensure that there are sufficient budget resources to deliver the equality and diversity strategy.

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

- 11.1 NCH Budget 2008/09  
Outturn data 2008/09

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