

## NOTTINGHAM CITY HOMES

### PERFORMANCE & REGULATORY COMMITTEE

#### REPORT OF THE CHAIR OF THE PERFORMANCE & REGULATORY COMMITTEE

11 AUGUST 2009

#### PERFORMANCE & REGULATORY COMMITTEE ANNUAL REPORT 2008/09

### 1 SUMMARY

- 1.1 The Performance and Regulatory (P&R) Committee is accountable to the board for the fulfilment of the responsibilities delegated to it as set out in the Committee's Terms of Reference. All Committee members share responsibility for its decisions and should act only in the interests of the Company and not on behalf of any subsidiary, constituency or interest group, putting the interests of the Company before their own.

The Committee is charged with assisting the Board to fulfil its obligations that the Company runs in an efficient, effective and viable way in the provision of effective services that meet customer needs.

### 2 RECOMMENDATIONS

- 2.1 It is recommended that the Performance and Regulatory Committee note the contents of the Annual Report and approve it for presentation at the September meeting of the Board.

### 3 REPORT

#### 3.1 Meetings and Attendance

The P&R Committee has met 5 times during the year since the 2007/08 Annual Report was presented to the Board in July 2008. Two new tenant Board Members (\*) were appointed in July 2008 and joined the P&R Committee. The attendance of non-executive Members in 2008/09 was as follows:

	Aug 08	Nov 08	Feb 09	May 08	Aug 09
Janet Storar (Chair)	✓	✓	✓	✓	TBC
Martin Kingsford				✓	TBC
Ade Aderogba	X	X	✓	✓	TBC
Paul Rowe	✓	✓	X	✓	TBC
Malcolm Wood	✓	✓	✓	X	TBC
Margaret Pugsley *	✓	✓	✓	X	TBC
Graham Ward *	✓	✓	✓	X	TBC

A summary of other senior Company managers who were present at P&R Committee meetings during the year is shown in Appendix B.

#### 3.2 2008/09 Financial Performance

The P&R Committee is accountable to the Board for monitoring the financial

performance of the Company. The financial performance of the Company against its budget is reported to the P&R Committee on a quarterly basis. The report, by the Director of Finance, ICT and Governance, also includes a projection of the outturn revenue position and the forecast capital expenditure for the financial year.

Throughout the year the forecast outturn spend against budget reported to Members consistently showed an anticipated deficit position:

<b>Quarter</b>	<b>Cumulative Variance Against Budget £'000</b>	<b>Forecast Outturn Position £'000</b>
Period 3	(226)	3
Period 6	434	147
Period 9	2,011	133
Period 12	* (133)	* (133)

\* - reflects the actual un-audited outturn position

The Company eventually achieved an overall surplus of £133k, mainly due to budget holders curtailing unnecessary spending near the year-end to offset the deficit position forecast through the financial year. In line with the Company's Management Agreement this surplus was returned to the City Council leaving the Company with a final outturn position of zero.

Final capital expenditure for the year was £24.162 million and therefore well within the constraints of budget approvals of £25.797 million.

### 3.3 2009/10 Budget

In November 2009 the draft budget for the 2009/10 financial year was presented to Committee Members in advance of being submitted to the City Council. Members subsequently agreed that the 2009/10 budget, including a management fee of £35.804 million, be recommended to the Board for approval.

The budget reported to Committee Members was presented at the Board meeting in November and, subject to a reduction of £0.750 million required to balance the HRA, a final 2009/10 budget and associated management fee of £35.054 million was approved by Board in March.

In recognition that the level of resources within the HRA will continue to reduce at the same time that customer aspirations increase, during the establishment of the 2009/10 budget the Company recognised the need to re-engineer its business to deliver services in a more effective and efficient way. The final 2009/10 management fee includes an allocation of £0.500 million to be used on 'Spend to Save' initiatives. These initiatives are designed to assist the Company in the process of re-engineering through up-front investment which will enable the Company to produce savings in future years.

The announcement by the Government in March 2009 that it would be

making additional funding available to local authorities to reduce the average rent increase from 6.2% to 3.1% has had no impact on the Company management fee as reductions have been passed onto tenants.

#### 3.4 Service Level Agreements

A key part of the Company's Value for Money Strategy is the ongoing review of all current Service Level Agreements (SLAs) between the Company and the City Council. NCH officers have been made responsible for ensuring that SLAs reflect the services required by NCH, provide Value for Money (VFM) and are formally agreed with the City Council and signed by both parties. Progress is reported to the P&R Committee on a quarterly basis.

The process of identifying the Company's current and future requirements for services provided under the terms of an SLA, as well as a robust challenge of the associated costs proposed by the City Council, identified significant savings across a number of areas in 2008/09. This included a number of SLAs which were withdrawn from by the Company in 2008 with alternative service providers sort, or resources provided internally, and residual SLAs established for services retained with the City Council. As a result SLA savings of £322,964 were achieved against a target of £300,000 assumed within the budget and the Company's management fee.

The Director of Finance, ICT and Governance reported to Members in May and August that further SLA savings had been assumed within the 2009/10 budget. However, the achievement of these savings is subject to the City Council being able to reduce its budgeted SLA income to reflect revised SLA charges based on activity and accurate costings. Discussions with the City Council are ongoing and Committee Members will monitor progress, and the impact on NCH's budget, during the 2009/10 financial year.

#### 3.5 Dispensations from the Financial Regulations

The Company's Financial Regulations require that action taken to allow a dispensation from the Financial Regulations, under the circumstances outlined in paragraphs 1.6.2 and 1.6.3, should be recorded in the Register of Dispensations and reported to the P&R Committee.

The Register of Dispensations, and the associated report by the Company Secretary, are standing agenda items of the P&R Committee and during the year six dispensations (including those reported in August 2009) were brought to the attention of Members. All dispensations require the authorisation of the Chief Executive, Director of Finance, ICT and Governance. Chair of the P&R Committee and the Company Secretary before being approved.

#### 3.6 Performance Management

The P&R Committee is also accountable to the Board for monitoring the service performance of the Company, and ensuring that the Company is striving to continually improve its performance in relation to its peers and to the satisfaction of the Council and the Council's tenants.

The Company's performance against national and primary local performance indicators and remedial actions to address issues of poor performance during the year proposed and implemented by management have been monitored

and are reviewed by Members during Committee meetings.

In May 2009 the Director of Strategy and Partnerships reported that, in comparison to performance as at 31<sup>st</sup> March 2008, significant improvements had been made across the Company's 39 main indicators as follows:

- 28 indicators showed improved performance (71.8%);
- 2 indicators remained static (5.1%); and
- 9 indicators showed a deterioration in performance (23.1%).

However, at the end of the 2008/09 performance year 15 of those same key performance indicators remained 'significantly below target' and 14 indicators were 'marginally below target'. The P&R Committee remains committed to ensuring that recent improvements in performance are monitored closely to ensure further progress is made to achieve performance targets in 2009/10.

### 3.7 Tenant Involvement

The P&R Committee has specific responsibility to monitor the effectiveness of the Company's tenant involvement arrangements on behalf of the Board. A report was prepared by the Tenant and Leaseholder Involvement Manager in August 2008 which updated Members on the following key areas in order to enable them to fulfil their responsibilities:

- Participation activity and partnership working;
- Independent review of the Tenant and Leaseholder Compact;
- Work of the Tenant Service Inspectors, Area Panel and Forums;
- TPAS Annual Conference and National Tenant Voice; and
- Right to Manage (VICTRA).

### 3.8 Conclusion

As a result of its work during the year the P&R Committee is not aware of any reason to believe that the Company does not have in place adequate arrangements to ensure that the organisation runs in an efficient, effective and viable way in the provision of effective services that meet customer needs.

Subject to Governance reorganisation, the Committee will continue to monitor management's progress in the following key areas during 2009/10:

- Controlling expenditure within agreed budgets and implementing prompt corrective action where required;
- Renegotiating SLA with the City Council to ensure that VFM is obtained and monitoring resolution of partner budgets;
- Maintaining continued improvement in performance against national and local targets – notably within Allocations and Rents.

### 3.9 Appendix B summarises all the reports presented at P&R Committee in 2008/09 as well as those senior managers who have attended during the year.

#### **4 FINANCIAL & RISK IMPLICATIONS**

- 4.1 Any financial implications implied within this report has been budgeted for and were delivered within budget.

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

- 5.1 The details within this report support the delivery of Nottingham City Homes' objectives.

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

- 6.1 All initiatives within this report ensure that VFM and any efficiency issues are considered.

#### **7 EQUALITY & DIVERSITY IMPLICATIONS**

- 7.1 There are no equality and diversity implications.

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

- 8.1 Performance and Regulatory Committees – 12<sup>th</sup> August 2008, 11<sup>th</sup> November 2008, 10<sup>th</sup> February 2009, 12<sup>th</sup> May 2009, 11<sup>th</sup> August 2009 and the associated papers.

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### Standing items - Quarterly:

- Welcome, Introductions, Chairs' Announcements and Apologies
- Declarations of Interest
- Minutes of previous meeting
- Matters arising
- Quarterly financial report
- Quarterly performance report
- SLA progress report
- Register of dispensations
- Rent collection performance update
- Homelink and allocations Quarterly monitoring and scrutiny report
- AOB and Dates of further meetings

### Other items that are tabled annually:

- Budget report – forthcoming financial year
- Provisional financial outturn – (quarter 4 financial report)
- Annual performance report – (quarter 4 performance report)
- Annual P&R Committee Report

### Other items presented in 2008/09:

- Former tenant arrears collection and write-offs
- Tenant participation progress – update
- Procurement action plan monitoring
- Learning from customer feedback: 3C's update
- Delivery plan update
- Caretaking report

### Attendance

- The following Executive Directors and Company senior managers were in attendance at the P&R Committee during meetings in the 2008/09 year:

<b>ATTENDEES</b>	<b>COMPANY POSITION</b>
Julie Crook	Director of Finance, ICT & Governance
Amanda Schofield	Director of Strategy & Partnerships
Gill Moy	Director of Housing Services
Kim De Vergori	Assistant Director of TEM
Sue Taylor	Assistant Director of Housing Services
Richard Holland	Interim Rents Manager