

## NOTTINGHAM CITY HOMES

PROPERTY SERVICES  
COMMITTEE  
24 MAY 2010

### REPORT OF HEAD OF FINANCE (PROPERTY)

#### END OF YEAR FINANCIAL REPORT

#### 1 SUMMARY

- 1.1 2009/10 Financial Year accounts for Property Services have been produced and are currently awaiting formal audit and Board sign off. This report is based upon these figures.

The report itself is split into 4 components; Capital, Client, Commercial Contracts and Risks & Opportunities.

#### 2 RECOMMENDATIONS

- 2.1 It is recommended that the Property Services Committee note the report.

#### 3 REPORT

##### 3.1 Capital

The NCH Capital Programme spent £46.0m in year against a Budget of £47.2m (£1.2m under spend).

Within the Asset Management Scheme, NCH Fire Damage (Year 2) under spent by £0.6m. Outside of the AMS 2008-09 Slippage/Carry Forwards under spent by £0.5m. The residual variance was made up of numerous smaller contra variances.

##### 3.2 Client

Client reporting can be sub-divided into 3 areas covering the relationship between funding and charges.

##### 3.2.1 Stewardship over NCC Budgets

Property Services had an over spend of c £0.7M on Housing Revenue (HRA) Client budgets for day to day repairs compared with £1.1M earlier forecast. The key change was the Revenue Voids capitalisation increase from £1.1m to £1.4m.

However, NCH Capital had an under spend of £1m (mainly on Fire damage), Management Fee under spend was £0.2m & Adaptations £150K; giving an overall under spend across all Client budgets of £0.7m.

### 3.2.2 Asset Management

The cost of running the Asset Management Team was £1.3m and so was in a position to release a total of £0.3M against Budget. Under spends within Decent Homes (£245K) & Mechanical & Electrical (£143K) departments were only partially offset by Overheads £133K adverse expenditure.

### 3.2.3 Company Administration & Support

This area covers the Contact Centre, Service Improvement & Compliance. Annual spend was £2.2m (£0.1m below Budget) The Contact Centre under spent Budget by £0.3m - £0.1m relating to each of Employee Costs, Supplies & Services and Property Costs. Service Improvement & Compliance cost £1.1m, £0.2m adverse to Budget primarily due to Agency costs (Surveying roles). Approved restructure plan will remove roles from 2010/11 accounts.

### 3.3 Commercial Contracts

Commercial Contracts comprise the main Repairs & Maintenance Contract, UPVC Windows Contract & Corporate Activity. Annual Expenditure of £39.1m exceeded Income of £37.2m by just under £2m. Budget predicted a £0.7m deficit.

#### 3.3.1 Repairs & Maintenance Contract

The Repairs Contract was £1.7m adverse to Budget.

Income exceeded Budget by £1.7m, predominantly due to additional Voids Capitalisation (£1.4m) & Voids Cleansing (£0.1m)

Expenditure exceeded Budget by £3.3m; partially explained by the additional Voids work.

Total Sub-contractor charges hit £8.6m (£2.5m above Budget) with £5.0m specifically in Voids (£2.7m above Budget).

Wage Costs came in at £13.8m (£0.2m below Budget)

Stores & Materials for the year cost £4.8m (£0.2m below Budget)

Fleet Charges were £0.3m higher than Budget due to £0.2m of unplanned residual fleet (NCC) & new fleet charges and £0.1m of higher than expected Repair/Maintenance costs.

Additional Cleaning costs associated with Void Cleansing £0.1m Overhead recharges £0.7m higher than Budget (primarily due to absorption of actual overheads budgeted within Corporate)

### 3.3.2 UPVC Windows Contract

The UPVC Contract was fully funded by Capital Programme but over spent original budget by £0.7M

### 3.3.3 Corporate Account

Corporate activity encompasses additional works for external schools & public buildings as well as internal works for other Directorates within NCH.

Initial Budgets provided for a £0.7m deficit (on £2m of income) but year end produced an improved deficit of £0.3m (albeit on just £1.1m of income). Due to the projected ongoing deficit in supporting these activities, external works have been discontinued from April 2010. Internal works will be supported elsewhere within the Directorate.

## 4 OTHER OPTIONS

4.1 None.

## 5 FINANCIAL AND RISK IMPLICATIONS

5.1 New Year - Directorate Budgets (Original) have been created, re-alignment to work mix is currently tacking place (Budget Latest)

5.2 Corporate - Accounts Closure (see above)

5.3 Procurement & Stores - Restructures approved

5.4 Service Improvement & Compliance - Restructure approved

5.5 Contact Centre - Costs currently within Property Services but indications are that the department will migrate to Housing Directorate sometime this year.

5.6 Mobile Working - Project Work continues into the new year with set up costs covering both 2009/10 & 2010/11. Benefits expected to be attributable after go live.

5.7 Craft-workers Payment Project - A change to established practices will have an effect on organisational costs. However, no conclusions have as yet been agreed.

5.8 Accommodation Strategy - NCH tenure at both Hounds Gate & Harvey Road sites is being reviewed. Impact on accounts unknown.

## 6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

6.1 None

**7 VALUE FOR MONEY AND EFFICIENCY ISSUES**

7.1 None

**8 EQUALITY AND DIVERSITY IMPLICATIONS**

8.1 None

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

9.1 Refer to NCH audited accounts

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