

NOTTINGHAM CITY HOMES LIMITED
GROUP BOARD MEETING



Date: 3 July 2024

Time: 5.30pm

Place: Via Microsoft Teams

Directors of the Board are requested to attend the above meeting on the date and at the time and place stated to transact the following business:

A handwritten signature in black ink, appearing to read "George Pashley".

George Pashley
Head of Governance and Compliance

AGENDA

1	INTRODUCTORY ITEMS	Time
1.1	WELCOME	
1.2	APOLOGIES FOR ABSENCE	5.30
1.3	DECLARATION OF INTERESTS	
1.4	ITEMS FROM THE CHAIR	
1.5	MINUTES OF THE MEETING HELD ON 25 APRIL 2024	5.35
1.6	MATTERS ARISING	
2	ITEMS FOR DISCUSSION AND DECISION	
2.1	FEEDBACK FROM RP BOARD	5.35
2.2	STATUTORY ACCOUNTS Assistant Director of Finance/Bishop Fleming	5.40
2.3	QUARTERLY FINANCE REPORT Assistant Director of Finance	6.00
2.4	GOVERNANCE REPORT Head of Governance and Compliance	6.30
2.5	QUARTERLY PERFORMANCE MONITORING REPORT Executive Assistant	6.40
2.6	ANNUAL COMPLAINTS REPORT Executive Assistant	6.50
2.7	CORPORATE RISK REGISTER Head of Governance and Compliance	7.00

2.8	ASSET REGISTER UPDATE Head of Commercial Property and Contract Management	7.15
2.9	HOUSING LED DISPOSALS Executive Assistant	7.20
2.10	ARBORETUM DISPOSALS Chief Operating Officer	7.30
2.11	SERVICE CONTRACT REVIEW Executive Assistant	7.40
2.12	REGULATORY UPDATE Head of Governance and Compliance/Executive Assistant	7.50
3	CONFIDENTIAL ITEMS	
3.1	NCH GROUP NEXT STEPS Chief Operating Officer	8.00
4	CLOSING ITEMS	
4.1	ANY OTHER BUSINESS	
4.2	DATE OF NEXT MEETING – 24 SEPTEMBER 2024	

Members wishing to raise matters under Any Other Business should note that items will only be accepted if referred to and agreed by the Chair of the Board prior to commencement of the Meeting. Members wishing to submit their apologies should do so by contacting George.pashley@nottinghamcity.gov.uk.

Distribution List:

All Group Board Members:
NCC Shareholder Representative

Report Authors; Mark Lawson, Mona Sachdeva, George Pashley, Andrew Berry, Tracy Martin, Tim Shirley, Liz Cook

* Members of the public wishing to attend this meeting should email George.pashley@nottinghamcity.gov.uk for joining details

	ITEM: 1.5	
	<u>NOTTINGHAM CITY HOMES LIMITED</u>	
	<u>THE GROUP BOARD</u>	
	MINUTES of the MEETING held on 25 APRIL 2024	
	Board Members	
	<p>Madeleine Forster (Chair) Vicky Evans (VE) Mark Martin (MM) Monni Ryatt (MR) Natalie Shaw (NS) Kieran Timmins (KT) Sam Webster (SW)</p>	
	Also in Attendance:	
	<p>Andrew Berry (AB) Liz Cook (LC) Mark Lawson (ML) Tracy Martin (TM) George Pashley (GP)</p>	<p>Assistant Director (Finance) Chief Operating Officer Executive Assistant Group Accountant Head of Governance and Compliance</p>
1	WELCOME, INTRODUCTIONS & CHAIR'S ANNOUNCEMENTS	
1.1	<p>The Chair informed the Board that she and LC had met with Tony McArdle, Lead Commissioner, who had been very receptive to the work being done at NCH. He was keen that things were done at pace and decisions made quickly. NCH should speak with him if there are any roadblocks. The Chair will aim to update the Commissioner every 2 months.</p>	
2	APOLOGIES FOR ABSENCE	
2.1	<p>Apologies were received from Paul Moat (NCHRP invitee), and Mike Khouri Bent (NCHRP Chair invitee).</p>	
3	DECLARATIONS OF INTEREST	
3.1	<p>None.</p>	
4.	MINUTES OF THE MEETING OF 4 APRIL 2024	
4.1	<p>The minutes of the meeting held on 4 April 2024 were AGREED as a true record.</p>	

5.	CURRENT ACTION LOG			
5.1	The current action log is detailed below for information.			

6.	BUSINESS PLAN – OPTIONS APPRAISAL
6.1	KT told the meeting that the Business Plan had been informed by long-term financial input from the Brixx IT system and he could give Board assurance that the current financial picture was accurate.
6.2	LC presented the report. She said that the Plan would be under ongoing review. Further clarity would be sought on the asset base just to make sure that all the numbers tied up with the narrative. Asset base information would be reported to the Board each quarter. Cashflow over the next 2-3 years also needed to be assessed. LC confirmed that the 341 figure in the Plan did not include NCH EL properties. In addition, the Brixx model had treated the Company as a whole, which in turn masked variances in the position of the three individual Companies.
6.3	NS requested that a Company balance sheet is provided with quarterly figures so that we can more clearly see the value of everything we owe. LC stated that Appendix 2 on assets could be extended to provide further clarity on the financial position. LC further explained that different scenarios had been considered when producing the Plan including transferring stock back to NCC or a different Registered Provider or selling all of the stock off. These options had been assessed against NCC's two primary objectives of repaying the debt owed by NCH and retaining the current Temporary Accommodation.
6.4	LC explained that when she and AB had met with DTP recently, they had only been prepared to advise on the Brixx financial modelling so the specification for the work to be undertaken needed to be re-written. It would be shared with Board when completed. The Plan presented was recommending a managed exit from the market. Over a thirty-year period the business was not sustainable. NCH would need to work with NCC on the best solution for those properties remaining including Temporary Accommodation. If this proposal was confirmed by CGEC then an Implementation Plan could be developed in time for the next Board Meeting on 3 July.
6.5	SW highlighted that we need to be clear about what was being sought from the CGEC meeting because as far as he was aware it was not a decision-making body. It was the governance sub-committee of the Council's Executive Board, which was one of their main decision-making bodies. SW also advised that we need to be very clear with Councillors about what comes next if they agree to the proposal e.g. in terms of the options for the remaining properties and Temporary Accommodation and the related costs. LC confirmed that this was why we had to work closely with NCC on the next steps. KT reminded the meeting that as Directors the Board's first priority was to look after the best interests of the Company.
6.6	NS asked about the issues relating to the proposal to reduce the complexity of the Group. MF confirmed that it was unlikely to mean any legal changes, and more to do with having simpler governance and fewer meetings which reviewed the same issues, although it was recognised that clarity around the independent nature of the RP needed to be maintained.
6.7	MM asked if any soft market testing had been done to find out if there was interest in the remaining stock. The market for acquisitions is currently very busy. Soft market testing could provide further options to the Board.

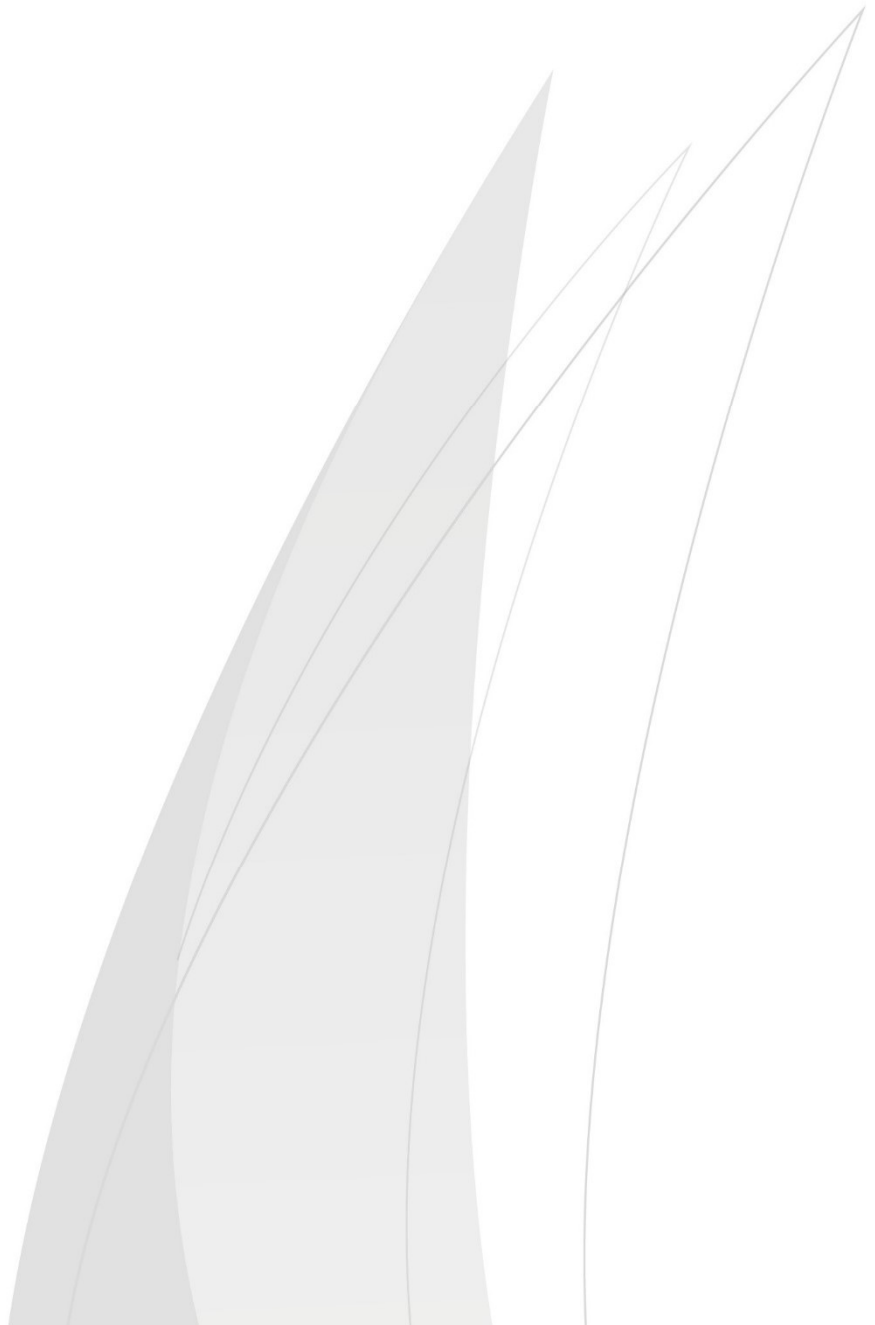
6.8	Board considered that the Plan and recommendations needed to demonstrate that there is a limited lifespan for the Group without further Council investment. There may be different lifespans for each of the three entities and the three Business Plans needed to be seen together. If there was potentially only two years remaining financially for the NCH Group then things needed to move quickly. The Board considered that Recommendation 1 in the report needed to be rephrased to recognise that the Group was not viable without further subsidy. Recommendation 3 needed to recognise the importance of refreshing NCH RP and NCH EL Business Plans.
6.9	LC undertook to update the Business Plan to incorporate the feedback from the meeting by next Wednesday. She would also seek clarity on the NCC decision making process in place to agree the Plan and obtain a copy of Neil McArthur's related covering report.
	The Board AGREED
	<ol style="list-style-type: none"> 1. The Board approved the Business Plan, amending the recommendation to CGEC a managed exit for each of the property cohorts to ensure risk to the provision of temporary accommodation in Nottingham is minimised and NCH Group can maximise available cash to fully address repayment (if possible) of sums owed to the NCC Housing Revenue Account and acknowledging that it is not viable without further subsidy. 2. to the submission of the Group Business Plan to the Council subject to the amendments detailed above. 3. to a refresh of the NCHRP and NCH EL Business Plans to reflect the Group Business Plan following its approval 4. to balance sheets being included as part of future quarterly financial reports 5. that LC should circulate a revised draft plan when completed.
7.	ANY OTHER BUSINESS
	The Chair acknowledged the contribution of Neil McArthur who was now leaving and wanted to thank him for his support. Neil's work has been constructive, supportive, and helpful and he will be missed. We need further clarity on who will be succeeding him. MF was due to meet with Sajeeda Rose on 5 June and would raise it then.
8.	DATE OF NEXT MEETING
8.1	The next scheduled meeting is 3 July 2024.



Key Issues for Discussion Document (DRAFT)

Nottingham City Homes Limited and its subsidiaries (together, "the Group")

For the year ended 31 March 2024



Group Board Item 2.2

Our Ref: PLNO104742/NC

Date: 12 June 2024



PRIVATE & CONFIDENTIAL

The Board of Directors
Nottingham City Homes Limited
Loxley House
Nottingham
NG2 3NJ

Dear Ladies and Gentlemen

Nottingham City Homes Limited and its subsidiaries – Key Issues for Discussion Document (DRAFT)

We are pleased to attach our draft Key Issues for Discussion Document. This covers the entities Nottingham City Homes Limited (NCH), Nottingham City Homes Registered Provider Limited (NCHRP) and Nottingham City Homes Enterprises Limited (NCHE). This report, which is designed to be the basis of discussion when we meet, summarises our audit conclusions, highlights the key findings arising from our work and details a number of points that we would like to discuss further with you.

We have initially discussed the contents of our report with Liz Cook, Andrew Berry and Tracy Martin, and we have incorporated their comments where relevant.

This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two-way communication throughout the audit process. This report is intended to be solely for the information and use of the Directors and management of the Group and should not be shared with anyone beyond this Group without our prior approval.

We would like to take this opportunity to thank the finance team for the co-operation and assistance afforded to us during the course of the audit.

Yours faithfully



BISHOP FLEMING LLP

Group Board Item 2.2

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Group Board Item 2.2

1. Executive summary

Status of audit

Our audit of the transactional testing is largely complete. However, it is subject to the resolution of certain outstanding queries and receipt of final pieces of evidence.

In addition, work remains ongoing regarding two key judgements within the Group's financial statements, being the confirmation of the HRA fees repayment at year-end and managements going concern assessment including cash flow forecasts for the coming financial periods.

We will continue to work with management to resolve the remaining matters so that we can provide an update at the Audit, Risk and Compliance Committee meeting. A full list of matters outstanding are listed in Section 2 of our report.

Key audit issues

Within our audit plan, we outlined a number of risks that we considered to be of particular significance to the audit. Our plan also detailed our planned approach for addressing each of these risks.

The specific risks highlighted were as follows:

- Management override of controls (all entities)
- Risk of fraud in revenue recognition (all entities)
- Going concern (all entities)
- Impact of transfer (all entities)
- Completeness of HRA surplus repayment provision (NCH only)
- Investment properties – carrying value (NCH and NCHE)

Our audit work on this areas is further detailed in Section 4 of this report.

Audit adjustments

The adjustments arising from our audit testing are detailed in Section 6. If further errors are identified from the outstanding testing, we will provide details for the Audit, Risk and Compliance Committee.

Management Letter Points and Internal Control Matters

A number of control points were identified during the course of our work, and these are further detailed in Section 8 to this report. Of the matters noted, none are considered to be significant deficiencies in your system of internal control.

Independence

The FRC Ethical Standard and ISA 260 requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest. Our audit plan included details of any potential independence threats we identified, and the safeguards we put in place to mitigate the threats.

Since our audit plan was issued, we have not become aware of any relationships that, in our professional judgment, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgment, Bishop Fleming remains independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.

Group Board Item 2.2

2. Introduction

Responsibilities of the Directors

The Directors are responsible for the preparation of the financial statements and for making available to us all the information and explanations we consider necessary. Therefore, it is essential that the Directors confirm that our understanding of all matters referred to in this report are appropriate, having regard to their knowledge of the particular circumstances.

We would point out that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinions on the financial statements of NCH, NCHRP and NCHE.

In consequence, our work did not encompass a detailed review of all aspects of the system and controls and cannot be relied upon necessarily to disclose possible frauds or other irregularities (including non-compliance with relevant laws and regulations), or to include all possible improvements in internal control that a more extensive special examination might reveal.

We would be pleased to discuss any further work in this regard with you.

Materiality

In carrying out our audit work we have considered whether the financial statements are free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in context of the financial statements as a whole.

In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the size and the nature of the misstatement, or a combination of both. It is also affected by our perception of the financial information needs of users of the financial statements. Thus, different materiality levels may be appropriate when considering different aspects of the financial statements.

Representation letters

The representation letters will be provided separately to this letter upon finalisation of the audit.

Update on our planned approach

Our audit work was carried out in accordance with our audit plan in response to the perceived audit risks, and no matters were identified which required us to change our approach and no additional risks were identified.

Our basis of materiality has been set as follows:

Area	Benchmark
Group	2% of turnover
Nottingham City Homes Limited	2% of expenditure
Nottingham City Homes Registered Provider Limited	2% of turnover
Nottingham City Homes Enterprises Limited	5% of net assets

Group Board Item 2.2

Outstanding work

At the time of drafting this report, our audit work was still being concluded. The following areas below remain outstanding and ongoing. We will provide a verbal update on these if required. We expect the majority of transactional audit testing to be completed by Friday 14 June.

Area	Entity	Detail
Provisions	NCH	HAVS – receipt of legal correspondence regarding the ongoing claims, including possible costs
Council	All	Receipt of letter of assurance from Nottingham City Council (NCC), which also confirms intercompany debtor and creditor balances for all entities
Going concern	All	To review cash flow forecasts / management's assessment of going concern by entity
Board minutes	All	To complete our review of all board minutes since 1 April 2023 to date
Fixed assets	NCHE	Awaiting supporting documentation for assets currently listed for sale as part of verification testing
Creditors	NCHRP	Finalisation of accruals, unrecorded liabilities and grants creditor testing
Revenue	All	Finalisation of cut off testing
Purchases	NCH / NCHE	Finalisation of interest payable testing
Debtors	NCH / NCHRP	Finalisation of debtors / debtors recoverability testing
Related parties	All	Finalise the related parties disclosures
Tax	All	Finalisation of the tax computations
Accounts	NCH / NCHRP	Receipt of wording for the narrative statements in the respective Strategic / Directors' Reports, from which we will complete our final review
Senior review	All	Final manager and partner review of audit work

We will also need to complete the following tasks as part of our usual completion procedures:

- Consider post balance sheet events
- Review of latest management accounts
- Receipt of the management representation letters
- Approval of financial statements

Related parties

Whilst management are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud.

We did not identify any significant matters in connection with related parties.

Confidentiality

This document is strictly confidential and although it has been made available to management to facilitate discussions, it may not be taken as altering our responsibilities to the Group arising under our audit engagement letter. The contents of this memorandum should not be disclosed to third parties without our prior written consent.

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3. Audit, accounts and tax process

The preparation of the financial statements is a vital process for the management of the Group and one which should be performed on a timely basis. We met with management as part of our planning work to discuss how we would work together to make the audit process effective.

We discussed key accounting issues early, so they could be considered before the audit commenced.

As a result of the investment made by both parties (principally by having regular calls in the build up to the year-end fieldwork and discussing matters early), the transactional testing has proceeded smoothly. This has been achieved by agreeing to ensure we complete the audit work over the transactional elements within the financial statements, and then discussing the key judgements as soon as assessments and underlying evidence are available to review.

We are keen to continually improve our service and the effectiveness of the process and, therefore, we will hold a discussion with management to identify areas where this might be possible.

Readiness for audit

Information requested in advance of the audit for the transactional testing was mostly made ready to us. In addition, during the fieldwork, we were provided answers to our queries promptly. This made the core audit work progress relatively smoothly and as planned. We held regular update calls with senior members of the finance team to facilitate co-ordination of queries and audit requests that were ongoing.

This was the first year in which we have been involved in the accounts production process. The trial balances for all entities as well as disclosure notes were made available to us on the agreed timetabled date. This allowed us to create an initial draft set of accounts prior to the audit fieldwork commencing which was also shared with management prior to the audit fieldwork commencing.

Accuracy of financial records

The majority of the underlying financial records were accurate, agreed to the information provided in the audit file and were easy to understand.

Quality of working papers

The majority of the underlying financial records were accurate, agreed to the information provided in the audit file and were easy to understand. All information we were provided with was easy to understand and had been reconciled back to the trial balance by the finance team before being provided to us. This made the core audit work progress smoothly and as planned.

Availability of staff

Key members of the finance team made themselves available to us throughout the audit where possible including regular catch up calls. We were kept informed of any instances when staff were not available.

Group Board Item 2.2

4. Audit risks

1 Management override of controls (All entities)

Significant Risk

We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed.

Work done and conclusion

To address this risk, we have:

- Reviewed significant accounting estimates such as the useful economic lives of assets;
- Tested journals with a material impact on the results for the year; and
- Considered a sample of other journals with key risk attributes.

We have not identified any material errors from the testing carried out.

In addition, within Section 6 we have included details of the output from our journals analysis work.

2 Risk of fraud in revenue recognition (All entities)

Significant Risk

There is also a presumption under ISA 240 that the risk of fraud in revenue recognition is considered to be a significant risk area.

Work done and conclusion

To address this risk, we have:

- Documented and validated the control environment for income and debtors, and carried out design and implementation testing;
- Agreed income recognised from management and maintenance services to agreements with Nottingham City Council ('the Council') to ensure income is recognised in the correct period and in accordance with the contract terms;
- Agreed year-end debtors and accrued income due with corresponding balances recorded by the Council;
- Tested the recognition of income transactions around year-end to ensure their correct cut-off;
- Performed substantive analytical procedures over rental income, considering the number of properties owed, the rental increases and the timing of any transfer of assets during the year (see investment property point below); and
- Considered income journals as part of our work on fraud risks documented above.

We have no material matters to note.

We are awaiting the letter of assurance from the Council at the time of writing this report to provide confirmation on the agreed balances.

Group Board Item 2.2

3 Going concern (All entities)

Significant Risk

As auditors, we are required to conclude whether the Group has sufficient funds to continue trading for 12 months after the date of our audit report. Auditing standards require us to positively conclude that the use of the going concern basis used to prepare the financial statements is appropriate.

In the prior year, the audit opinions were modified to include a material uncertainty with regards to going concern. This followed the decision by the Council to terminate the partnership agreement with NCH. In the prior year, there were no set plans in place for how NCH, NCHRP and NCHE would continue to operate as legal entities as this remains to be confirmed.

Work done and conclusion

To address this risk, we will have:

- Reviewed management's assessment and forecasts for cashflow over a period at least 12 months following the proposed signing date of the financial statements and challenge assumptions used;
- Reviewed the service level agreement with the Council (see impact of transfer point below);
- Reviewed any letter of support provided by the Council; and
- Performed a review of post year-end activity to date.

Our work with regards to going concern remains ongoing at the time of writing this letter.

We have detailed this matter further in Section 5.

Group Board Item 2.2

4 Impact of transfer (All entities)

Significant Risk

The housing management services were transferred back into the Council at the start of the year, with all staff transferring into the Council on 1 April 2023. This followed the decision by the Council to terminate the partnership agreement with NCH. Agreements were also made for the transfer of stock and the settlement for ongoing works at the date of transfer.

We will need to assess the impact of the transfer to ensure that it is accounted for correctly and appropriate disclosures are included in the financial statements. Consideration will need to be given as to how the transfer impacts the carrying value of assets and liabilities of the Group at year-end.

Work done and conclusion

To address this risk, we have:

- Reviewed the service level agreement, particularly once it is signed by all parties;
- Reviewed all agreements reached where balances have been transferred to the Council (such as over the pension provision);
- Ensured appropriate disclosures are included in the financial statements in relation to staff, trade, assets and liabilities transferred at the start of the year.

We have summarised the key considerations below:

Pension liability

The pension liability in the NCH accounts has been transferred in full to the Council. This means the balance at year-end is £nil, with £127k from the prior year being released as a result to the Income Statement. This is in line with the termination agreement with the Council following the transfer of services and all employees on 1 April 2023.

The release of £127k should go through other comprehensive income rather than the Income Statement. We have raised an adjustment to reflect this in Section 6.

Holiday pay accrual

With there being no employees within NCH at year-end following the termination agreement, the holiday pay accrual is £nil at year-end. £416k from the prior year has been released as result to the Income Statement.

Stock

The closing stock balance of £555k from the prior year has been billed during the course of the year. In the draft financial statements, it showed a £13k work-in-progress (WIP) balance at year end.

Upon investigation, this related to five ongoing jobs and which values have been accrued as a charge in the NCC HRA capital programme on project number 302210 (CAP HRA WIP). We challenged this as our assumption is that all outstanding WIP items would have been billed by now and there should be no WIP value within the NCH accounts at year end. We have included it as an adjustment in Section 6.

Group Board Item 2.2

5 Completeness of HRA surplus repayment provision (NCH only)

Significant Risk

In 2022, CIPFA were engaged to provide an opinion to the Council on the payments of HRA fees to NCH, and the associated expenditure incurred by NCH from the period 2014/15. CIPFA arrived at the conclusion that over the period a surplus of HRA fees over HRA costs had arisen. These surpluses represented NCH delivering services for less than the management fees agreed this time.

After consideration of the surplus sums returned to the Council through the partnership agreement, the Council considered that NCH owed a debt for surpluses generated, but as yet not returned to the HRA. NCH recognised a provision for this matter of £18,523k in 2022/23. This balance was recognised as a provision at this stage whilst proposals were created for negotiation with the Council over the final amounts to be settled and how they will be settled, which may be through transfer of assets or provision of services in addition to cash repayments.

Discussions between NCH and the Council have continued in order to confirm this amount as at year-end, and how this may be settled by NCH as some of the surpluses have been reinvested into housing stock.

Work done and conclusion

To address this risk, we have:

- Reviewed ongoing discussions between the Council and the Group; and
- Reviewed management's updated assessment of the HRA surplus repayment provision as at 31 March 2024.

The HRA surplus repayment provision has been increased a further £8,348k (with the corresponding charge posted to the Income Statement). This takes the balance at year-end to £26,872k. The provision is confirmed as following the method set up in the CIPFA report. The movement in the provision is broken down as follows:

	£'000
Opening balance	18,523
FY21/22 base costs	2,186
FY21/23 interest	26
FY22/23 base costs	3,349
FY22/23 interest	918
FY23/24 base costs	933
FY23/24 interest	937
Closing balance	26,872

The increase is being driven by a further two years' worth of base costs and interest for FY22/23 and FY23/24 having been included, such that it reflects the position as at 31 March 2024. As per the NCC letter of assurance in the prior year, the HRA surplus repayment provision of £18,523k was agreed up to 31 March 2022.

It also has been updated to re-calculate the base cost and interest for FY21/22. Upon investigation, we are comfortable that this relates to the review of new information to better update the provision. This means that there is no need to consider showing this element as a prior period adjustment.

We are awaiting the letter of assurance from the Council at the time of writing this report to provide confirmation on the agreed balances.

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6 Investment properties – carrying value (NCH and NCHE)

Heightened Risk

NCH and NCHE have market rent investment properties recognised in their balance sheets.

The Group's accounting policy is currently to hold investment properties at market value. As such, an assessment will be required as at year-end to support the valuation of the investment properties.

Work done and conclusion

To address this risk, we have:

- Reviewed the latest assessment (including any valuation reports received) and assess the assumptions used to ensure reasonable;
- Ensured that any revaluation is accounted for correctly; and
- Ensured that any investment properties transferred to fixed assets during the year are recognised at the appropriate value and accounted for correctly, including the accompanying release from the revaluation reserve.

Management have recognised a £649k impairment within NCH for the Arboretum scheme. This follows an impairment assessment undertaken by management at year-end to compare costs incurred to date on the scheme while it is under construction to the value attributed to it at year-end.

No further impairment is noted as required. We agree with this assessment.

5. Other audit and financial reporting matters

1 Going concern

As detailed in Section 4, going concern for all entities has been considered a significant risk given there was a material uncertainty with regards to going concern in the prior year.

An asset disposal process has been under development. During the year, the disposal process was started with the agreed sale of all NCHE assets. It is envisaged NCHE will have sold all assets and will cease to trade and be closed by March 2025.

The remaining two companies hold between them the following assets and will form the residual group following the closure of NCHE:

NCH

- Owns 120 properties used for social housing
- Owns 161 properties leased to NCHRP and used for dispersed temporary accommodation
- Owns 21 properties in a block called Midland House

NCHRP

- Owns 39 properties used for social housing

We anticipate issuing in FY23/24 a material uncertainty with regards to going concern within the audit opinions due to the ongoing certainties about future plans for NCH and NCHRP, and the intention to close NCHE in the coming 12 months.

2 Hand-arm vibration syndrome (HAVS)

We are aware that 14 cases of HAVS have been reported to the Health & Safety Executive (HSE) to date. If the HSE determine these cases are answerable, NCH could become liable for a fine as well as for other costs (such as of the investigation and legal costs).

From discussions with management, we understand that there is no determined figure at this stage. The HSE investigation is ongoing at the time of writing our report, with no clear indication of when an outcome will be reached.

Therefore, management are unable to determine the likelihood of potential future economic outflow as well as if NCH will have any obligation to pay such costs. As a result, management have disclosed the matter as a contingent liability in the NCH financial statements.

We agree with this assessment. A contingent liability is defined as “*a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity*”. Thus, the outcome depends on the outcome of the HSE investigation.

Group Board Item 2.2

3 Bad debt provision

With regards to the Group's bad debt provision, it is calculated using the following principles:

- A 100% provision is applied to former balances, which applies to both closed accounts and voids with regards to their property status; and
- For those under the occupied property status, a provision is applied on a case by case basis.

It is summarised as follows:

Entity	Total bad debt provision (£'000)
NCH	711
NCHE	73
NCHRP	513

During our work on debtors and reviewing the aged debtors listing at year-end, we noted there are a significant number of aged debtors and for which these balances are fully provided for.

We have recommended an exercise is undertaken to write off and tidy up those unrecoverable aged debtors. This is further noted in Section 8.

Group Board Item 2.2

6. Audit adjustments

In accordance with the requirements of International Standards on Auditing, we must communicate all adjusted and unadjusted items identified during our audit work, other than those which we believe to be clearly insignificant.

Adjusted items for the Group

The following items have been adjusted at this stage of the audit fieldwork.

	Income Statement		Statement of Financial Position	
	Dr	Cr	Dr	Cr
	£000	£000	£000	£000
Consolidated loss per trial balance		(7,497)		
<i>No adjusted items have been noted at the time of writing this report</i>				
Consolidated loss per draft financial statements		(7,497)		

Unadjusted items for the Group

The following items are unadjusted items at this stage of the audit fieldwork.

<i>Factual (F), judgmental (J), and estimated (E)</i>	Income Statement		Statement of Financial Position	
	Dr	Cr	Dr	Cr
	£000	£000	£000	£000
<u>NCH</u>				
1) Write off WIP stock balance held at year-end	J	13		(13)
2) Reflection of release of pension liability through OCI rather than the Income Statement	F	127		(127)
<u>NCHRP</u>				
<i>No unadjusted items have been noted at the time of writing this report</i>				
<u>NCHE</u>				
<i>No unadjusted items have been noted at the time of writing this report</i>				
Total		140		(140)

Disclosures

We are required to bring to your attention other financial reporting matters that the Board is required to consider.

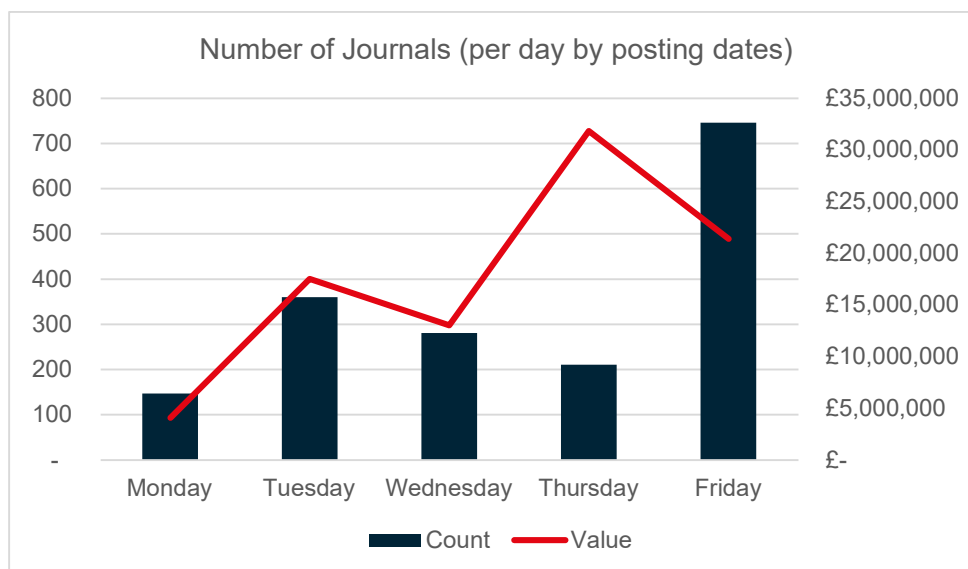
Our audit work is progressing and at this stage we have not identified any unadjusted disclosure omissions and improvements.

Group Board Item 2.2

7. Audit insights

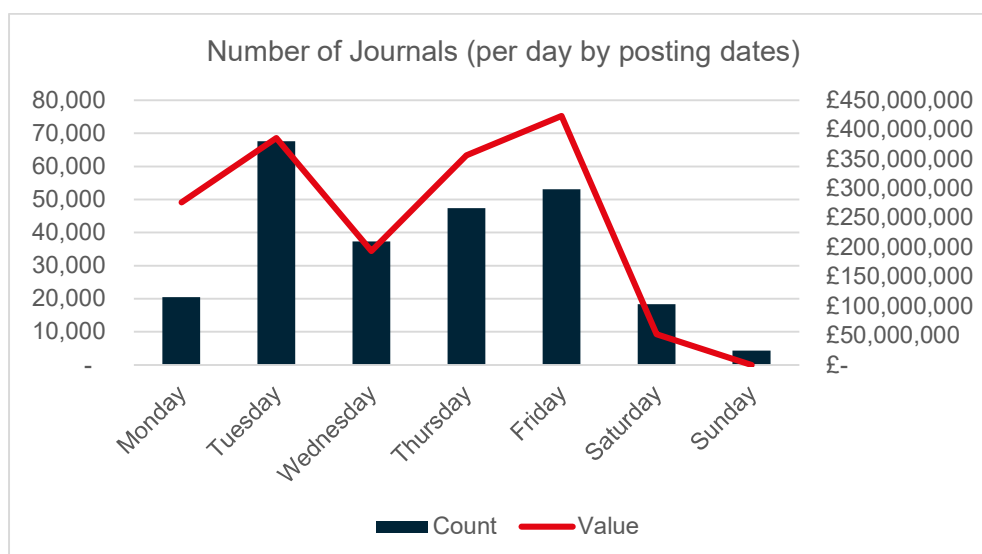
The below insights relate to NCH as the parent entity in the Group. We will be happy to share the insights garnered from NCHRP and NCHE upon request as we appreciate the level of activity in NCH this year has been significant lower compared to the prior year.

Timings of Journals



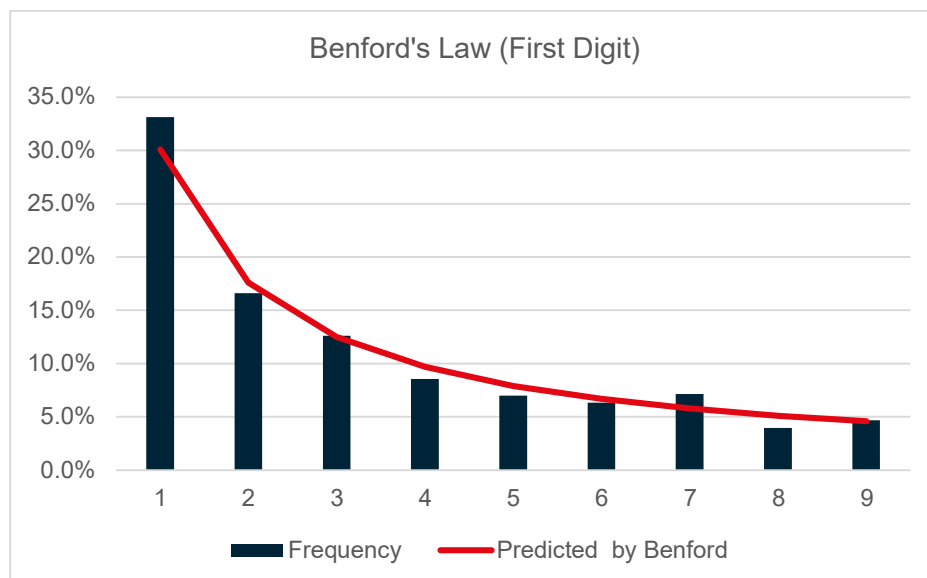
This graph demonstrates the days on which the journals were posted for NCH. Our expectations are for journals to be posted between the normal working week of Monday to Friday. In the prior year journals were posted on a Saturday and Sunday; however, on review it was noted that these were automatic journals. There has been no such case of this occurring this year with all journals posted during our expected period.

Furthermore and as expected given the significant change to NCH's day to day operations, far less journals were posted in the year with a far lower overall value in comparison to the prior year. The prior year graph is copied below for comparison:



Group Board Item 2.2

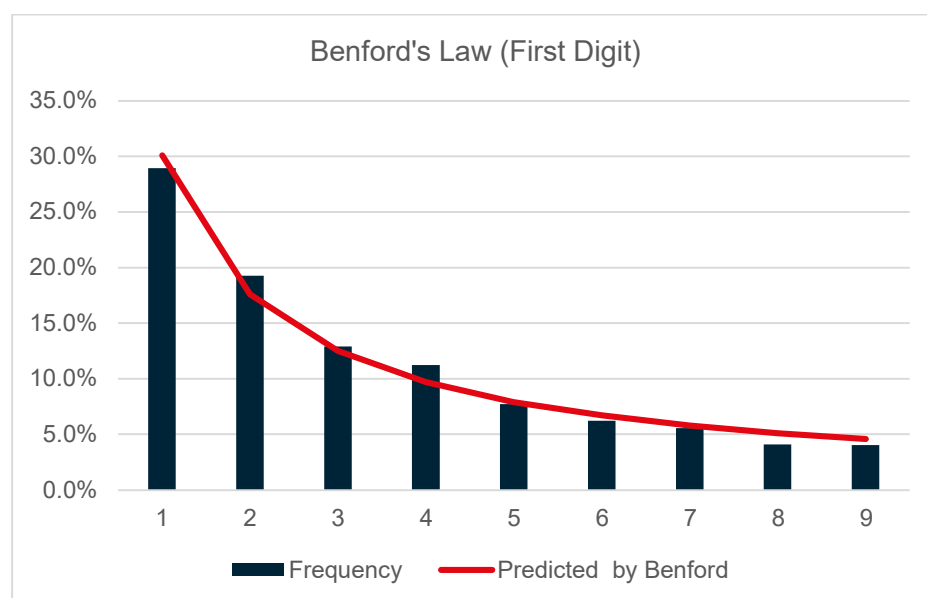
Benford's Law Review



Benford's Law states that in a natural collection of numbers, the leading significant digit is likely to be small and follow a logarithmic curve. This is analysed to assess whether there is a heightened risk of fraud due to unusual data being posted that is not in line with what is deemed a normal data set.

From the data set of all journals posted during the year, Benford's Law has closely followed the expected distribution. Variances above our threshold of 1% were investigated, which related to digits number 1 and number 7. On inspection it was found the variance was being caused numerous general expenses and accruals / accruals reversals. These postings have a legitimate business rationale and there is no evidence of the variances being caused by any fraudulent postings.

The prior year graph is below for comparison. It should be noted the current year variances are more prevalent due to a much smaller population of journals compared to the prior year.



Group Board Item 2.2

Key Word Analysis

We have also performed a review of key words contained within journal descriptions. The majority of those identified related to month-end adjustments, transfers to the intercompany account or were included within other words (for example – Spread being included in 'Spreadsheet'). We are satisfied that these journals had a valid business rationale.

Users

We performed a review of users posting journals during the financial year. From a review of who posted journals, these were all carried out by finance team members in their expected areas which falls in line with our expectations.

Rounded Journals

We performed a review of journals that were rounded. There were only two rounded journals in the year which related to a payment and an accrual. Upon investigation, we were satisfied both had legitimate business rationales.

Group Board Item 2.2

8. Management letter points and internal control systems

The Group's management is responsible for the identification, assessment, and monitoring of risk, for developing, operating, and monitoring the systems of internal control and for providing assurance to the Board that it has done so. As part of our audit, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing, and extent of testing performed. We are required to communicate to you in writing any significant deficiencies in the design or operation of accounting and internal control systems which were identified during the course of our audit and which we consider are of sufficient importance to merit reporting to you.

In accordance with the terms of our engagement we have not provided a comprehensive statement of all issues which may exist in the accounting and internal control systems or of all improvements which may be made, but we are not aware of any significant deficiencies in internal control which we would consider to be material weaknesses. We outline below our observations arising from the audit, which we hope you will find useful.

We would be pleased to discuss further work in this regard with the Board.

KEY:



Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements.



Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.



Observations refer to issues that would, if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements.

Current Year Issues

Aged Debtors Balances	
<p>Within our debtors testing, we reviewed the aged debtors account and bad debt provision.</p> <p>We noted there are several debtors that are aged. All of these aged balances were fully provided against as at 31 March 2024.</p>	<p><u>Recommendation</u></p> <p>We recommend an exercise is performed to tidy up the aged debtors listing and write off those balances which are clearly going to be unrecoverable against the provision provided for them.</p> <p>This will give a more accurate reflection of the actual debtor balances in each of the subsidiaries within the management accounts and financial statements.</p> <p><u>Management comment</u></p> <p>Agreed – this will be completed in FY24/25.</p>

Group Board Item 2.2

Prior Year Issues – Resolved

IT Controls	
<p>As part of our review of the Group's key IT systems, we evaluated the procedures in places regarding those systems which have an impact upon the financial statements. They were Oracle (general ledger), Northgate (housing management system), and ROCC (repairs and management system). We noted the following matters:</p> <ul style="list-style-type: none">• No passwords expiry is enforced. This means that staff are not regularly required to change their passwords.• There is no regular review of users to ensure their access rights are appropriate to their role.	<p><u>2023 Recommendation</u> We recommend:</p> <ul style="list-style-type: none">• Password expiry is switched on within the system. This would mean that staff are regularly changing and updating their passwords to help prevent any potential security breaches. Good practice would also include ensuring staff are not able to re-use a password recently applied.• All users should be routinely checked to ensure that they only have access to parts of the system that are relevant to their role. This will minimise the risk of employees accessing areas of the finance system that they should not be accessing. <p><u>2023 Management comment</u> The points made are noted as good practice. However, following the transition to NCC from 1 April 2023, we will need to work within the NCC IT operational controls and requirements moving forward.</p> <p><u>2024 Update</u> During discussions with management, it was noted that passwords are now regularly changed.</p> <p>As employees are now all employed by NCC and no longer NCH, a review of users to ensure their access rights are appropriate is done by NCC. In addition, as part of our journal testing those users who were posting journals were legitimate members of the finance team and therefore give us comfort over users access rights to the finance system.</p> <p>As such, we deem this matter resolved.</p>

Separate Nominals for Investment Properties	
<p>During our testing, we noticed that separate nominal codes were not being used for investment properties and fixed asset properties.</p> <p>Going forwards, we would suggest such nominals are set up in order to allow a clear audit trail, especially as management expects an increase in disposals for FY23/24.</p>	<p><u>2023 Recommendation</u> We would recommend having separate ledger codes for investment properties for ease of reconciliation moving forward.</p> <p><u>2023 Management comment</u> We recognise the benefit of having separate ledger codes for investment properties and will be seeking to have these set up within our coding structure.</p> <p><u>2024 Update</u> It was much easier to reconcile fixed asset properties and investment properties in our work this year due to them being split nominal codes.</p> <p>This helped to complete the testing on these areas in a smooth and efficient manner, and therefore deem the matter resolved.</p>

Group Board Item 2.2

Trade Creditors Listing

Upon receipt of the trade creditors listing, it did not clearly match the trade creditors trial balance value. In addition, we noted several transaction appeared to have been posted in April 2023, but relating to March 2023.

We have shared the analysis of our review with management to investigate further.

2023 Recommendation

While the balance is immaterial to the accounts, we recommend ensuring the trade creditor balance is clearly reconciled at year-end.

2023 Management comment

We will endeavour to have a reconciled trade creditor at year end in future years.

2024 Update

A reconciled trade creditor list was provided for the 2023/24 audit and no issues were found with testing across each of the entities. We therefore deem the matter resolved.

Employee Existence Testing

During our employee existence testing, we noted that there was no ID held on file for one employee. Upon investigation, this appears to be a long-standing member of staff.

There was also unsigned contracts held on file for four individuals.

2023 Recommendation

Going forwards, we recommend ID is held on file for all employees regardless of start time.

Furthermore, all contracts for any current employees should be signed as a course of good practice.

2023 Management comment

We will raise these matters with our HR function as good practice.

2024 Update

There are no employees within NCH as all staff were transferred into NCC on 1 April 2023. This has been confirmed to the termination agreement.

As such, we deem the matter resolved.

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9. Other matters

Accounting

Update on changes to Financial Reporting Standards (FRS 102)

The most significant upcoming changes to FRS 102 will come because of the FRC's periodic review of UK accounting standards.

The proposed significant amendments to FRS 102 affect:

- revenue recognition (a move to a five-step model for recognising revenue like the international accounting standard, IFRS 15);
- lease accounting (a move to the 'on-balance sheet' model from IFRS 16, meaning that all but the most minor lease agreements result in a 'right of use asset' being capitalised on an entity's balance sheet, with a related liability recognised for the future lease payments to be paid over); and
- and other incremental improvements and clarifications.

They will have an effective date not before accounting periods beginning on or after 1 January 2026. However, it will be important to start considering any potential changes in the year before.

You can review the proposed changes at:

<https://www.frc.org.uk/library/standards-codes-policy/accounting-and-reporting/uk-accounting-standards/frs-102/>

Company law

Changes at Companies House

The Economic Crime and Corporate Transparency Act 2023 gives Companies House more powers to tackle economic crime and aims to improve the transparency and accuracy of information on the UK's company register to support economic growth. The resulting legislation has started arriving from March 2024.

Here is a summary of what to expect:

- Simplifying filing obligations - small companies will no longer have the option to prepare and file abridged accounts. Small companies will be required to file both their Profit and Loss Account and Directors' Report, removing the option of filing 'filleted' accounts. Micro-entities will also be required to file their Profit and Loss Account but will still not be required to prepare or file a Directors' Report.
- Provision that Profit and Loss Accounts may not be publicly available - although small and micro companies will be required to file their Profit and Loss account, it (or parts of it) may not necessarily be made available for public inspection.
- Audit exemption statement - when claiming exemption from audit, directors are currently required to include a statement to that effect on the balance sheet. The Act extends this requirement, additionally requiring the statement to identify the exemption being taken and include confirmation that the company is eligible to take the exemption. This will also apply to dormant companies.
- Electronic delivery - a transition to software-only filing is expected to be phased in over the next two to three years.
- Company law changes beyond accounts - the Act brings in many other changes, giving Companies House the power to play a greater role in tackling economic crime, alongside measures to improve the transparency and accuracy of information on the register. These measures include:
 - identity verification checks being introduced for all new and existing registered company directors, people with significant control, and those who file on behalf of companies;
 - Companies House having greater powers to query information, conduct stronger checks on company names, new rules for registered office addresses and changes to confirmation statements;
 - more effective investigation and enforcement powers, including the ability to share relevant information with law enforcement agencies and other government departments; and
 - the ability for individuals to apply to suppress personal information from historical documents and public view to protect individuals from fraud and other harms.
- Failure to prevent fraud - the Act creates a new Failure to Prevent Fraud offence, aimed at holding companies to account if they profit from fraud committed by their employees. Large companies will be liable where a specified fraud offence is committed by an employee or agent, even if management had

Group Board Item 2.2

no knowledge of or involvement in such a fraud, and it did not have reasonable fraud prevention procedures in place.

Payroll

Holiday pay

The Employment Rights (Amendment, Revocation and Transitional Provision) Regulations 2023 came into force on 1 January 2024 and amended the Working Time Regulations 1998 and the 2006 TUPE Regulations as they extend to Great Britain (note – they do not apply in Northern Ireland).

The headline changes are:

- the requirement to record daily working time for workers is removed;
- The Working Time (Coronavirus) (Amendment) Regulations 2020 that allowed workers to carry over untaken leave into the following two years have been revoked. Any leave that has been carried forward must be used before 31 March 2024; and
- legislating to allow a worker to carry forward leave if they have been unable to take it because of taking another statutory entitlement or sickness.

The three distinct blocks of leave remain, each with different pay calculations and different carry-over rules.

A further two changes relate specifically to holiday leave years that commence on and after 1 April 2024, so employers with holiday periods that align with the calendar year will not have to apply the changes until 1 January 2025.

The first change relates to a definition of irregular hours workers and part-year workers being included in the regulations for the first time. The regulations now specify how leave must be accrued (12.07% of hours worked in the pay period) and state that leave 'may' be paid in instalments.

Secondly, the 2023 Regulations specify the rights of irregular hours workers and part-year workers to carry forward leave and how the calculations are affected by sickness or another type of statutory leave (maternity, paternity, etc). Where it is not paid or carried forward because of sickness or another statutory leave entitlement, leave and pay can be carried forward to the following leave year.

Consult a HR adviser or employment lawyer for further advice on carrying over leave and how that will impact your entity's holiday pay amounts. Find out more of the detail of these legal changes here:

<https://www.gov.uk/government/publications/simplifying-holiday-entitlement-and-holiday-pay-calculations/holiday-pay-and-entitlement-reforms-from-1-january-2024>

This document is confidential to: Nottingham City Homes Limited



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Bishop Fleming is a trading name of Bishop Fleming LLP, a limited liability partnership registered in England and Wales No. OC391282, and Bishop Fleming Bath Limited, a limited company registered in England and Wales No. 07869428. Registered offices: Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. A list of members' names for the LLP is available at the above address.

bishopfleming.co.uk

NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

COMPANY INFORMATION

Directors

Vicky Evans
Madeleine Forster
Kieran Timmins
Samuel Webster
Mark Martin (appointed 24 July 2023)
Monwara Ryatt (appointed 6 November 2023)
Mike Khouri-Bent (resigned 14 April 2023)
Georgia Power (resigned 22 June 2023)
Michael Savage (resigned 14 July 2023)
Ann Shaw (appointed 1 February 2024)

Registered number

05292636

Registered office

Loxley House
Station Street
Nottingham
NG2 3NJ

Independent auditors

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

Bankers

Lloyds Bank Plc
Parliament Street
Nottingham
NG1 3DA

Solicitors

Nottingham City Council
Loxley House
Station Street
Nottingham
NG1 3DA

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

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Consolidated income statement	5
Consolidated statement of comprehensive income	6
Consolidated statement of financial position	7 - 8
Company statement of financial position	9 - 10
Consolidated statement of changes in equity	11
Company statement of changes in equity	12
Consolidated statement of cash flows	13
Consolidated analysis of net debt	14
Notes to the financial statements	15 - 34

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Introduction

[TO DETAIL]

Business review

[TO DETAIL]

Principal risks and uncertainties

[TO DETAIL]

Financial key performance indicators

[TO DETAIL]

Other key performance indicators

[TO DETAIL]

This report was approved by the board on

and signed on its behalf.

Madeleine Forster
Director

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT **FOR THE YEAR ENDED 31 MARCH 2024**

The directors present their report and the financial statements for the year ended 31 March 2024.

Principal activity

[TO DETAIL]

Results and dividends

The loss for the year, after taxation, amounted to £7,498 thousand (2023: loss £27,587 thousand).

Directors

The directors who served during the year were:

Vicky Evans
Madeleine Forster
Kieran Timmins
Samuel Webster
Mark Martin (appointed 24 July 2023)
Monwara Ryatt (appointed 6 November 2023)
Mike Khouri-Bent (resigned 14 April 2023)
Georgia Power (resigned 22 June 2023)
Michael Savage (resigned 14 July 2023)
Ann Shaw (appointed 1 February 2024)

Future developments

[TO DETAIL]

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

This report was approved by the board and signed on its behalf.

Madeleine Forster
Director

Date:

Loxley House
Station Street
Nottingham
NG2 3NJ

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Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' RESPONSIBILITIES STATEMENT **FOR THE YEAR ENDED 31 MARCH 2024**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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NOTTINGHAM CITY HOMES LIMITED (A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

		Continuing operations 2024 £000	Discontinue d operation s 2024 £000	Total 2024 £000	Continuing operations 2023 £000	Discontinued operations 2023 £000	Total 2023 £000
	Note						
Turnover	4	10,674	-	10,674	9,657	66,806	76,463
Gross profit		10,674	-	10,674	9,657	66,806	76,463
Administrative expenses		(16,538)	-	(16,538)	(7,358)	(95,138)	(102,496)
Other operating income	5	68	-	68	40	3,174	3,214
Fair value movements		135	-	135	1,534	-	1,534
Operating loss	6	(5,661)	-	(5,661)	3,873	(25,158)	(21,285)
Interest payable and similar expenses	9	(1,837)	-	(1,837)	(1,893)	(3,038)	(4,931)
Loss before tax		(7,498)	-	(7,498)	1,980	(28,196)	(26,216)
Tax on loss		-	-	-	(1,371)	-	(1,371)
Loss for the financial year		(7,498)	-	(7,498)	609	(28,196)	(27,587)
Loss for the year attributable to:							
Owners of the parent		(7,498)	-	(7,498)	(27,587)	-	(27,587)

The notes on pages 15 to 34 form part of these financial statements.

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £000	2023 £000
Loss for the financial year		(7,498)	(27,587)
Total comprehensive income for the year		(7,498)	(27,587)
(Loss) for the year attributable to:			
Owners of the parent Company		(7,498)	(27,587)
Total comprehensive income attributable to:			
Owners of the parent Company		(7,498)	(27,587)

The notes on pages 15 to 34 form part of these financial statements.

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:05292636

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
Fixed assets			
Tangible assets	10	38,991	39,575
Investment property	11	23,832	29,519
		<u>62,823</u>	<u>69,094</u>
Current assets			
Stocks	12	13	555
Debtors: amounts falling due within one year	13	3,622	830
Cash at bank and in hand	14	8,183	17,429
		<u>11,818</u>	<u>18,814</u>
Creditors: amounts falling due within one year	15	(16,525)	(29,234)
Net current liabilities		<u>(4,707)</u>	<u>(10,420)</u>
Total assets less current liabilities		<u>58,116</u>	<u>58,674</u>
Creditors: amounts falling due after more than one year	16	(30,149)	(31,381)
Provisions for liabilities			
Deferred taxation		(1,241)	(1,210)
Other provisions	18	(26,993)	(18,725)
		<u>(28,234)</u>	<u>(19,935)</u>
Net assets excluding pension liability/asset		<u>(267)</u>	<u>7,358</u>
Pension liability		-	(127)
Net (liabilities)/assets		<u><u>(267)</u></u>	<u><u>7,231</u></u>
Capital and reserves			
Revaluation reserve	19	5,398	5,263
Profit and loss account	19	(5,665)	1,968
		<u>(267)</u>	<u>7,231</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Madeleine Forster
Director

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:05292636

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2024

Date:

The notes on pages 15 to 34 form part of these financial statements.

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:05292636

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
Fixed assets			
Tangible assets	10	34,332	34,845
Investment property	11	4,997	5,489
		<u>39,329</u>	<u>40,334</u>
Current assets			
Stocks	12	13	555
Debtors: amounts falling due within one year	13	3,677	1,382
Cash at bank and in hand	14	5,342	15,542
		<u>9,032</u>	<u>17,479</u>
Creditors: amounts falling due within one year	15	(1,232)	(9,708)
Net current assets		<u>7,800</u>	<u>7,771</u>
Total assets less current liabilities		<u>47,129</u>	<u>48,105</u>
Creditors: amounts falling due after more than one year	16	(25,489)	(26,650)
Provisions for liabilities			
Other provisions	18	(26,997)	(18,729)
		<u>(26,997)</u>	<u>(18,729)</u>
Net assets excluding pension liability/asset		<u>(5,357)</u>	<u>2,726</u>
Pension liability		(4)	(126)
Net (liabilities)/assets		<u><u>(5,361)</u></u>	<u><u>2,600</u></u>
Capital and reserves			
Revaluation reserve	19	455	455
Profit and loss account brought forward		2,145	30,638
Loss for the year		(7,961)	(28,493)
Profit and loss account carried forward		(5,816)	2,145
		<u><u>(5,361)</u></u>	<u><u>2,600</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Madeleine Forster

Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:05292636

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2024

Director

Date:

The notes on pages 15 to 34 form part of these financial statements.

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2022	5,263	29,555	34,818
Comprehensive income for the year			
Loss for the year	-	(27,587)	(27,587)
At 1 April 2023	5,263	1,968	7,231
Comprehensive income for the year			
Loss for the year	-	(7,498)	(7,498)
Surplus on revaluation of investment property	135	(135)	-
At 31 March 2024	5,398	(5,665)	(267)

The notes on pages 15 to 34 form part of these financial statements.

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NOTTINGHAM CITY HOMES LIMITED

(A COMPANY LIMITED BY GUARANTEE)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2022	455	30,638	31,093
Comprehensive income for the year			
Loss for the year	-	(28,493)	(28,493)
At 1 April 2023	455	2,145	2,600
Comprehensive income for the year			
Loss for the year	-	(7,961)	(7,961)
At 31 March 2024	455	(5,816)	(5,361)

The notes on pages 15 to 34 form part of these financial statements.

Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED (A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	2024 £000	2023 £000
Cash flows from operating activities		
Loss for the financial year	(7,498)	(27,587)
Adjustments for:		
Gain on revaluation of investment properties	(135)	(1,534)
Depreciation of tangible assets	584	655
Impairments of fixed assets	649	805
(Profit)/Loss on disposal of tangible assets	(61)	(365)
Government grants	10	-
Interest paid	1,837	4,931
Decrease in stocks	542	981
(Increase)/decrease in debtors	(2,792)	1,168
(Decrease)/increase in creditors	(8,977)	6,119
Increase in provisions	8,143	19,630
Corporation tax paid	162	-
Net cash generated from operating activities	(7,536)	4,803
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(535)
Sale of tangible fixed assets	-	1,120
Purchase of investment properties	157	(1,150)
Sale of investment properties	4,742	175
Net cash from investing activities	4,899	(390)
Cash flows from financing activities		
Repayment of loans	(4,772)	(674)
Interest paid	(1,837)	-
Net cash used in financing activities	(6,609)	(674)
Net (decrease)/increase in cash and cash equivalents	(9,246)	3,739
Cash and cash equivalents at beginning of year	17,429	13,690
Cash and cash equivalents at the end of year	8,183	17,429
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,183	17,429

The notes on pages 15 to 34 form part of these financial statements.

Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 MARCH 2024

	At 1 April 2023 £000	Cash flows £000	At 31 March 2024 £000
Cash at bank and in hand	17,429	(9,246)	8,183
Debt due after 1 year	(30,551)	1,169	(29,382)
Debt due within 1 year	(18,606)	3,604	(15,002)
	<u>(31,728)</u>	<u>(4,473)</u>	<u>(36,201)</u>

The notes on pages 15 to 34 form part of these financial statements.

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Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

Nottingham City Homes Limited (the Company or NCH) is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is disclosed on page 2. The Company's principal activities and the nature of the Company's operations are set out in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.3 Going concern

The NCH Group's ongoing business interests will be primarily concerned with the direct letting, management and maintenance of homes for families in Nottingham and leasing of property to NCH Group subsidiaries which includes leasing of property to NCH Registered Provider Limited (NCHRP) for use as supported temporary accommodation for homeless families and citizens in housing crisis and to NCH Enterprises Limited (NCHE) for letting at market rent.

On 1 April 2023, all of the NCH Group's housing service activities and staff were transferred to Nottingham City Council (NCC or the Council). A NCC service contract (SLA Agreement) is in place to ensure delivery of services to the Group. The NCH Group is ultimately reliant upon Nottingham City Council to ensure continuation of the provision of services at an appropriate charge.

At a board meeting in the prior year (19 December 2022), it was agreed to return HRA sums owing to NCC of £18.253m. There has been a further HRA charge in this financial year (£8.347m) and the amount owed now stands at £26.872m. This has been reflected as a provision within creditors. NCH does not have sufficient cash reserves to make repayment of the full amount owing, with surpluses tied up in the housing properties owned by NCH and leased to NCHRP. NCH recognises that a disposal plan to repay the full £26.872m will result in the disposal of the majority of the property assets leased to NCHRP for temporary accommodation. However, NCC remains reliant upon NCHRP as a significant provider of temporary accommodation. Discussions are ongoing with NCC to reach an acceptable resolution, including a repayment plan, timescales and assessment of the impact on future temporary accommodation services.

The lack of approved plan relating to the settlement of the £26.872m to the Council and ongoing uncertainty around the NCC service contract charges, casts significant doubt over the ability of the Company to deliver in accordance with future forecasts and hence creates a material uncertainty over the Company's ability to continue as a going concern. Further clarity will around over the next 12 months.

On 29 November 2023, NCC issued a S114 notice. Under section 114(3) of the Local Government Finance Act 1988, during the prohibition period, NCC is not permitted to "enter into any new agreement which may involve the incurring of expenditure (at any time) by the authority unless the chief finance officer of the authority authorises it to do so" per section 115(6) of the Act. The NCC S151 Finance Officer has confirmed that these restrictions do not apply to spend from NCH Group bank accounts, unless these arrangement results in the Council incurring new expenditure. The S114 notice is not expected to have a noticeable impact on the Group. However, in the short term, there may be some performance implications under the NCC service contract but these are expected to resolve reasonably quickly.

The Group and Company has produced forecasts that predict the Group will continue to generate sufficient returns to enable the company to continue to meet all financial liabilities as they fall due for a period of at least 12 months following the approval of the financial statements. The Board has therefore, concluded that it is appropriate to prepare these financial statements on a going concern basis.

The Group and Company is ultimately reliant upon the Council to ensure continuation of the lease and provision of services at an appropriate charge. The lack of an approved plan that sets out how and in which entity these services will continue to be delivered, along with ongoing discussions between the Company and the Council around how a final settlement could be returned to the Council, casts significant doubt over the ability to deliver in accordance with future forecasts and hence creates a material uncertainty over the Company's ability to continue as a going concern. Further clarity around this will emerge over the next 12 months.

Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated income statement in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

DEFINED CONTRIBUTION PENSION PLAN

Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.10 Pensions (CONTINUED)

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

DEFINED BENEFIT PENSION PLAN

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.12 Tangible fixed assets (CONTINUED)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Vehicles	- 9 years
Boilers	- 15 years
Heating systems	- 30 years
Kitchens	- 20 years
Bathrooms	- 20 years
Doors	- 30 years
Windows	- 30 years
Re-wiring	- 40 years
Roofs	- 70 years
Structure	- 80 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.15 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.21 Financial instruments

The Group has elected to apply the provisions of Section 11 “Basic Financial Instruments” and Section 12 “Other Financial Instruments Issues” of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due within the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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NOTTINGHAM CITY HOMES LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are limited to the annual revaluation of Investment Properties (note 11), the Useful Economic Lives used in determining the annual depreciation charge (note 10) and the provisions arising particularly in relation the HRA surplus repayment (note 18).

4. Turnover

An analysis of turnover by class of business is as follows:

	2024 £000	2023 £000
Property rental income	10,674	9,667
Repairs, Maintenance & Capital Fees	-	43,080
Management Fees	-	22,160
Other Income	-	1,556
	<u>10,674</u>	<u>76,463</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2024 £000	2023 £000
Other operating income	(3)	1,262
Government grants receivable	10	1,952
Profit on disposal of tangible assets	61	-
	<u>68</u>	<u>3,214</u>

6. Operating loss

The operating loss is stated after charging:

	2024 £000	2023 £000
Other operating lease rentals	1	7

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NOTTINGHAM CITY HOMES LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2024 £000	2023 £000
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	34	52

8. Employees

Staff costs were as follows:

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Wages and salaries	(429)	25,292	(429)	25,292
Social security costs	-	3,122	-	3,122
Cost of defined contribution scheme	(127)	13,271	(127)	13,271
	(556)	41,685	(556)	41,685

During the year, the Group and Company have had no employees following the transfer of all staff to NCC on 1 April 2023. This has resulted in the Group and Company releasing the holiday pay accrual and pension liability that was recognised in the prior year, giving a total credit of £556k.

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2024 No.	Group 2023 No.	Company 2024 No.	Company 2023 No.
Housing and Customer Services	-	373	-	373
Property Services	-	497	-	497
Corporate Services	-	69	-	69
	0	939	0	939

9. Interest payable and similar expenses

	2024 £000	2023 £000
Other loan interest payable	1,837	1,893
Other interest payable	-	3,038
	1,837	4,931

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NOTTINGHAM CITY HOMES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

10. Tangible fixed assets

Group

	Freehold land and buildings £000
COST	
At 1 April 2023	42,417
At 31 March 2024	42,417
DEPRECIATION	
At 1 April 2023	2,842
Charge for the year on owned assets	584
At 31 March 2024	3,426
NET BOOK VALUE	
At 31 March 2024	38,991
At 31 March 2023	39,575

The net book value of land and buildings may be further analysed as follows:

	2024 £000	2023 £000
Freehold	38,991	39,575
	38,991	39,575

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

10. Tangible fixed assets (continued)

Company

	Freehold land and buildings £000
COST	
At 1 April 2023	37,446
At 31 March 2024	37,446
DEPRECIATION	
At 1 April 2023	2,601
Charge for the year on owned assets	513
At 31 March 2024	3,114
NET BOOK VALUE	
At 31 March 2024	34,332
At 31 March 2023	34,845

The net book value of land and buildings may be further analysed as follows:

	2024 £000	2023 £000
Freehold	34,332	34,845
	34,332	34,845

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

11. Investment property

Group

Freehold
investment
property
£000

VALUATION

At 1 April 2023	29,519
Additions at cost	157
Disposals	(5,330)
Surplus on revaluation	135
Impairment of Assets under Construction	(649)

AT 31 MARCH 2024

23,832

The 2024 valuations were made by heb Surveyors (Nottingham) LLP, on an open market value for existing use basis.

Company

Freehold
investment
property
£000

VALUATION

At 1 April 2023	5,489
Additions at cost	157
Impairment of Assets under Construction	(649)

AT 31 MARCH 2024

4,997

The 2024 valuations were made by heb Surveyors (Nottingham) LLP, on an open market value for existing use basis.

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NOTTINGHAM CITY HOMES LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

12. Stocks

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Work in progress (goods to be sold)	13	555	13	555
	13	555	13	555

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. Debtors

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Trade debtors	510	590	347	460
Amounts owed by group undertakings	2,332	-	2,607	694
Prepayments and accrued income	24	240	3	228
Tax recoverable	756	-	720	-
	3,622	830	3,677	1,382

14. Cash and cash equivalents

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Cash at bank and in hand	8,183	17,429	5,342	15,542
	8,183	17,429	5,342	15,542

Item 2.2 APPENDIX 1

NOTTINGHAM CITY HOMES LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

15. Creditors: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Loan amounts owed to Group parent undertaking	15,002	18,606	447	-
Trade creditors	16	2,100	12	2,099
Amounts owed to group undertakings	686	3,298	195	3,733
Corporation tax	-	162	-	-
Other taxation and social security	-	977	-	79
Other creditors	-	613	-	607
Accruals and deferred income	821	3,478	578	3,190
	16,525	29,234	1,232	9,708

16. Creditors: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Other loans	29,382	30,551	25,489	26,601
Government grants received	767	830	-	49
	30,149	31,381	25,489	26,650

The aggregate amount of liabilities repayable wholly or in part more than five years after the reporting date is:

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Repayable by instalments	27,561	21,134	23,812	24,309
	27,561	21,134	23,812	24,309

Within creditors are annuity loans from NCC which are repayable over 30, 40 and 50 years with interest set at a fixed rate between 2.87% and 4.94%. The above tables shows the balances repayable by instalments over a 5 year period.
Borrowings are secured against the land and buildings of the Company.

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

17. Loans

Analysis of the maturity of loans is given below:

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Other loans	15,002	18,606	447	-
	15,002	18,606	447	-
AMOUNTS FALLING DUE 1-2 YEARS				
Other loans	29,382	30,551	25,489	26,601
	29,382	30,551	25,489	26,601
	44,384	49,157	25,936	26,601

Annuity loans from NCC are repayable over 30, 40 and 50 years with interest set at fixed rates between 2.87% and 4.94%. Loan principal and accrued interest on the outstanding balances are repaid every 6 months. Borrowings are secured against the land and buildings of the Company.

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NOTTINGHAM CITY HOMES LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

18. Provisions

Group and Company

	HRA Surplus Repayment £000	Disrepair Cases £000	Liquidated Damages £000	Total £000
At 1 April 2023	18,523	107	96	18,726
Charged to profit or loss	8,347	-	-	8,347
Utilised in year	-	(78)	-	(78)
AT 31 MARCH 2024	26,870	29	96	26,995

Disrepair Cases: Potential obligations & costs from claims by tenants.

Liquidated Damages: Anticipated claim from NCC for loss of rent on the Tunstall new build scheme due to handover by NCH post contracted completion date.

HRA Surplus Repayment: NCH have included a provision of £26.872m in the 2023/24 statutory accounts, which is owed to NCC in relation to prior year surpluses generated through HRA management fee savings and retained as company reserves. This balance has been recognised as a provision at this stage whilst proposals are being created for negotiation with NCC over the final amounts to be settled and how they will be settled, which may be through transfer of assets or provision of services in addition to cash repayments.

19. Reserves

Revaluation reserve

This reserve is used for revalued investment properties in order to track what element remains non-distributable.

Profit and loss account

This reserve includes all current and prior period retained profits and losses.

20. Company status

The Company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.

21. Contingent liabilities

The Group and Company has received a claim in relation to hand-arm vibration syndrome (HAVS) affecting a number of employees in prior years. The Health and Safety Executive (HSE) is undertaking an investigation of the matter. Should the claim be successful, it is not possible to estimate the total liability as it depends on a number of factors. The total costs could include but not limited to compensation, fines and legal costs.

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

22. Pension commitments

The outstanding pension liability of £127k from 2022/23 has been transferred into NCC as part of the termination agreement.

With no employees in the Group, there is no pension liability at year-end.

23. Commitments under operating leases

At 31 March 2024 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Not later than 1 year	1,527	1,357	-	6
Later than 1 year and not later than 5 years	-	225	-	-
	<u>1,527</u>	<u>1,582</u>	<u>-</u>	<u>6</u>

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NOTTINGHAM CITY HOMES LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

24. Related party transactions

support services amounted to £2.23m and repairs, voids and periods cost the Group a further £0.83m. In addition, c.£4.6m was repaid to NCC in respect of the repayment of loans, which includes scheduled loan repayments and settlement in full of loan principle on individual properties sold during the year. Trade and other creditors includes a provision owed to NCC relating to the HRA surplus liability, which stands at £26.870m as at 31st March 2024.

The amounts owed to and by NCC as at the year-end is shown in the analysis of debtors and creditors and is further analysed below.

The amount due to the parent undertaking, as shown in the analysis of debtors is a net figure. The Company has related party transactions with its subsidiaries, NCH RP Ltd and NCH EL. The individual balances are presented below.

	Group (NCC) Balances with NCH		NCH balances with subsidiaries	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
HRA Surplus Repayment	-	18,523	-	-
Trade and other debtors	2,332	5,747	530	1,620
Intercompany loans (due within 1 year) -	14,516	18,606	-	-
Trade and other creditors	27,557	27,064	-	252
Intercompany loans (due within 1 year) -	485	233	-	-
Grant (due within 1 year)	10	1	-	-
	40,237	21,634	530	1,368
Intercompany Loans (due after 1 year) -	29,382	30,104	-	-
Grant (due after 1 year)	112	116	-	-
	69,731	51,854	530	1,368

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NOTTINGHAM CITY HOMES LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

25. Ultimate parent undertaking

The Company is a subsidiary limited by guarantee and ultimately controlled by Nottingham City Council (NCC), a local government organisation. Under the Memorandum and Articles of Association, NCC appoints one quarter of the board (two of the eight members), with the balance of Directors being drawn from Council tenants, or leaseholders, and members of the wider community. NCC's Group accounts can be obtained from the NCC Information Governance department at the Council's address.

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

COMPANY INFORMATION

Directors	Vicky Evans Mike Khouri-Bent Paul Moat Martyn Shaw (resigned 16 May 2023)
Registered number	09810057
Registered office	Loxley House Station Street Nottingham NG2 3NJ
Independent auditors	Bishop Fleming LLP Chartered Accountants & Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN
Bankers	Lloyds Bank Plc Parliament Street Nottingham NG1 3DA
Solicitors	Nottingham City Council Loxley house Station Street Nottingham NG2 3NG

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

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Statement of comprehensive income	5
Statement of financial position	6
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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED (A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report and the financial statements for the year ended 31 March 2024.

Principal activity

Nottingham City Homes Registered Provider (NCHRP or the Company) is a housing company working to deliver the vision of creating homes and places where people want to live. The principal activities of the Company are to act as a landlord to provide social and affordable housing to tenants and temporary accommodation for families in housing need.

The Company is incorporated as a private company limited by guarantee under the Companies Act 2006. As such it has no share capital. The Company's sole member is Nottingham City Homes Limited (NCH). As a not for profit company, the Company reinvests any surpluses for the benefit of local people, making a significant contribution to the Nottingham economy.

Business review

[TO DETAIL]

The Company has undertaken a review of its compliance against the Governance and Financial Viability Standard in 2023/24 and can confirm that the Company complies with the Standard.

Directors

The directors who served during the year were:

Vicky Evans
Mike Khouri-Bent
Paul Moat
Martyn Shaw (resigned 16 May 2023)

Value for Money statement

The Regulator of Social Housing (RSH) implemented a set of requirements with regard to VfM reporting, commencing from 1st April 2018. This means that as a Registered Provider (RP) we are required to include seven key financial metrics in this report. These are set out below.

[TO DETAIL]

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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**NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

This report was approved by the board and signed on its behalf.

Mike Khouri-Bent
Director

Date:

Loxley House
Station Street
Nottingham
NG2 3NJ

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**NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £000	2023 £000
Turnover	3	8,900	7,753
Gross profit		8,900	7,753
Administrative expenses		(8,004)	(6,871)
Other operating income		10	40
Operating profit		906	922
Interest payable and similar expenses	7	(129)	(129)
Profit before tax		777	793
Tax on profit		-	(162)
Profit for the financial year		777	631

There are no items of other comprehensive income for 2024 or 2023 other than the profit for the year.

The notes on pages 7 to 18 form part of these financial statements.

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £000	2023 £000
Profit for the financial year		777	631
Other comprehensive income			
Total comprehensive income for the year		777	631

There were no recognised gains and losses for 2024 or 2023 other than those included in the income statement.

The notes on pages 7 to 18 form part of these financial statements.

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Item 2.2 Appendix 2

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:09810057

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
Fixed assets			
Tangible assets	8	4,659	4,730
		<u>4,659</u>	<u>4,730</u>
Current assets			
Debtors: amounts falling due within one year	9	439	140
Cash at bank and in hand	10	1,919	1,468
		<u>2,358</u>	<u>1,608</u>
Creditors: amounts falling due within one year	11	(633)	(670)
Net current assets		<u>1,725</u>	<u>938</u>
Total assets less current liabilities		<u>6,384</u>	<u>5,668</u>
Creditors: amounts falling due after more than one year	12	(4,670)	(4,731)
Net assets		<u><u>1,714</u></u>	<u><u>937</u></u>
Capital and reserves			
Profit and loss account		1,714	937
		<u><u>1,714</u></u>	<u><u>937</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mike Khouri-Bent
Director

Date:

The notes on pages 7 to 18 form part of these financial statements.

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

Nottingham City Homes Registered Provider Limited (NCHRP or the Company) is a limited company domiciled and incorporated in England in the United Kingdom. The address of the Company's registered office and principle place of business is disclosed on page 2. The Company's principal activities and the nature of the Company's operations are set out in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and in accordance with the Housing Statement of Recommended Practice (SORP) and Accounting Direction for Private Register Providers of Social Housing 2022.

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Nottingham City Homes Limited as at 31 March 2024 and these financial statements may be obtained from Companies House..

Item 2.2 Appendix 2

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.3 Going concern

NCH Registered Provider Limited (NCHRP) is a not-for-profit provider of social housing, registered with the Regulator of Social Housing. NCHRP's business interests are concentrated on delivering general needs homes for social and affordable rent let to families and citizens in Nottingham, the provision of specialist supported housing for homeless families and citizens in housing crisis including move on from women's aid refuges and exploring opportunities to meet the housing needs of Nottingham in accordance with the aims and objectives of the NCHRP business plan.

The Company has generated a surplus and positive cash returns in each of the previous two years. The Company has produced forecasts that predict the Company will continue to generate sufficient returns to enable the Company to continue to meet all liabilities as they fall due for a period of at least 12 months following the approval of the financial statements. The Board has therefore, concluded that it is appropriate to prepare these financial statements on a going concern basis.

The majority of the properties used by the business are leased from its parent company Nottingham City Homes Limited (NCH). On 1 April 2023, all of NCH's housing activities and staff were transferred back to Nottingham City Council (NCC or the Council). A longer term plan is being developed with the Council to address the activities being completed by other group companies including the services provided by NCHRP. At this stage it is uncertain whether these operations will remain in NCHRP or be transferred to another entity or potentially ceased.

There are ongoing discussions between NCH and the Council around a settlement payment to be made to the Council for previous surpluses generated by NCH from the delivery of services for the Council that were reinvested into housing activities by NCH. It is likely that an amount of over £27m will need to be repaid to the Council. NCH does not have sufficient current assets to make such a repayment and some of the surpluses would be tied up in the housing properties acquired that are leased to NCHRP.

NCHRP is reliant upon NCH being willing and able to continue to lease their properties to NCHRP at a similar rate to the existing arrangement to ensure it remains sustainable. NCC remains reliant upon NCHRP as a significant provider of temporary accommodation and discussions are ongoing around both protecting and increasing these services moving forward.

The Company is ultimately reliant upon NCH and the Council to ensure continuation of the lease and provision of services at an appropriate charge. The lack of an approved plan that sets out how and in which entity these services will continue to be delivered, along with ongoing discussions between the parent company NCH and the Council around how a final settlement could be returned to the Council, casts significant doubt over the ability to deliver in accordance with future forecasts and hence creates a material uncertainty over the Company's ability to continue as a going concern. Further clarity around this will emerge over the next 12 months.

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income statement in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.10 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Boilers	- 15 years
Heating systems	- 30 years
Kitchens	- 20 years
Bathrooms	- 20 years
Doors	- 30 years
Windows	- 30 years
Re-wiring	- 40 years
Roofs	- 70 years
Structure	- 80 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.15 Financial instruments (CONTINUED)

effective interest method. Discounting is omitted where the effect of discounting is immaterial.

3. Turnover

An analysis of turnover by class of business is as follows. Turnover represents the value of goods and services provided to third parties.

	2024 £000	2023 £000
Property rental income	8,900	7,753
	<u>8,900</u>	<u>7,753</u>

All turnover arose within the United Kingdom.

4. Operating expenses

	2024 £000	2023 £000
Supplies and services	2,740	2,528
Premises	5,231	4,331
Legal and professional	30	7
Administration	3	5
	<u>8,004</u>	<u>6,871</u>

Particulars of turnover & operating costs

	Turnover & Op Income £000	Operating Costs £000	Operating Profit £000
2022/23			
Social and affordable housing	324	122	202
Other housing	7,469	6,749	720
	<u>7,793</u>	<u>6,871</u>	<u>922</u>

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

	Turnover & Op income £000	Operating Costs £000	Operating Profit £000
2023/24			
Social and affordable housing	335	227	108
Other housing	8,665	7,777	798
	<u>9,000</u>	<u>8,004</u>	<u>906</u>

Social & affordable housing lettings - general needs

	2024 £000	2023 £000
Rents (net of voids)	327	316
	<u>327</u>	<u>316</u>
Amortised grant	8	8
	<u>335</u>	<u>324</u>
Housing management	(40)	(9)
Routine maintenance	(48)	(20)
Property insurance	(5)	(4)
Other supplies & services	(64)	(33)
Depreciation	(70)	(56)
	<u>(227)</u>	<u>(122)</u>
	<u>108</u>	<u>202</u>

5. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2024 £000	2023 £000
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>4,725</u>	<u>4,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2023: £NIL).

None of the Executive Management Team receive any emoluments from NCHRP or have pension contributions paid by NCHRP on their behalf.

The average monthly number of employees, including directors, during the year was 0 (2023: 0).

7. Interest payable and similar expenses

	2024 £000	2023 £000
Other loan interest payable	129	129
	<u>129</u>	<u>129</u>

8. Tangible fixed assets

	Freehold land and buildings £000
COST	
At 1 April 2023	4,971
At 31 March 2024	<u>4,971</u>
DEPRECIATION	
At 1 April 2023	241
Charge for the year on owned assets	71
At 31 March 2024	<u>312</u>
NET BOOK VALUE	
At 31 March 2024	<u>4,659</u>
At 31 March 2023	<u>4,730</u>

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NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

9. Debtors

	2024 £000	2023 £000
Trade debtors	165	99
Amounts owed by group undertakings	220	28
Prepayments and accrued income	18	13
Other taxes and social security	36	-
	<u>439</u>	<u>140</u>

10. Cash and cash equivalents

	2024 £000	2023 £000
Cash at bank and in hand	1,919	1,468
	<u>1,919</u>	<u>1,468</u>

11. Creditors: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £000	2023 £000
Other loans	38	-
Amounts owed to group undertakings	419	334
Corporation tax	-	162
Other taxation and social security	-	24
Other creditors	7	7
Accruals and deferred income	169	143
	<u>633</u>	<u>670</u>

Item 2.2 Appendix 2

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

12. Creditors: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024 £000	2023 £000
Other loans	3,893	3,950
Government grants received	777	781
	<u>4,670</u>	<u>4,731</u>

The aggregate amount of liabilities repayable wholly or in part more than five years after the reporting date is:

	2024 £000	2023 £000
Repayable by instalments	3,749	3,791
	<u>3,749</u>	<u>3,791</u>

Included within creditors are annuity loans from NCC and are repayable over 50 years with interest set at fixed rates between 3.17% and 3.35%. Loan principal and accrued interest on the outstanding balances are repaid every 6 months. Borrowings are secured against the land and buildings of the Company.

13. Loans

Analysis of the maturity of loans is given below:

	2024 £000	2023 £000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Intercompany Parent Loans	38	-
	<u>38</u>	<u>-</u>
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Intercompany Parent Loans	3,893	3,950
	<u>3,931</u>	<u>3,950</u>

14. Share capital and reserves

The Company is limited by guarantee and the liability of the members to contribute to any deficiency of assets in £1 per member. The members have no rights to the income or assets of the Company.

Item 2.2 Appendix 2

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

15. Accommodation

At the end of the year accommodation in management for each class of accommodation was as follows:

	2024 £000	2023 £000
General Needs Housing and Buildings		
Social rent	10	10
Affordable rent	29	29
	<u>39</u>	<u>39</u>
Total Owned Accommodation leased from others		
Social rent	428	390
Total accommodation	<u>467</u>	<u>429</u>

16. Capital commitments

The Company has no capital commitments (2023: no capital commitments).

17. Commitments under operating leases

At 31 March 2024 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2024 £000	2023 £000
Not later than 1 year	3,241	2,919
Later than 1 year and not later than 5 years	948	1,767
	<u>4,189</u>	<u>4,686</u>

Item 2.2 Appendix 2

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

18. Related party transactions

The Company has related party transactions with NCH and the City Council (NCC). NCH provides range of services to the Company and collects rental income on its behalf. During the year £X (2022/23: £3,579k) was charged by NCH and £X (2022/23: £354k) by NCC and £X by NCHEL (2022/23: £280K) for services provided by the Company, the leasing of property assets & repayment of NCC loans. Individual balances as at 31 March 2024 are presented below.

	NCH 2024	NCH 2023	NCC 2024	NCC 2023
	£'000	£'000	£'000	£'000
Trade and other debtors	2	0	218	69
Trade and other creditors	(51)	(326)	(368)	(41)
Intercompany loans (due within 1 year)	-	-	(38)	(18)
	(48)	(326)	(188)	(10)
Intercompany loans (due after 1 year)	-	-	(3,893)	(3,950)
Grant (due after 1 year)	-	-	(112)	(114)
	(48)	(326)	(4,194)	(4,074)

19. Controlling party

The Company is a wholly owned subsidiary of Nottingham City Homes Limited.

The ultimate parent is Nottingham City Council.

NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

COMPANY INFORMATION

Directors	Madeleine Foster (appointed 19 April 2023) Kieran Timmins (appointed 21 April 2023) Victoria Evans (appointed 1 May 2023) Samuel Webster (appointed 1 May 2023) Mark Martin (appointed 25 July 2023) Natalie Shaw (appointed 1 February 2024)
Registered number	09805670
Registered office	Loxley House Station Street Nottingham NG2 3NJ
Independent auditors	Bishop Fleming LLP Chartered Accountants & Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN
Bankers	Lloyds Bank Plc Parliament Street Nottingham NG1 3DA
Solicitors	Nottingham City Council Loxley House Station Street Nottingham NG2 3NG

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NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

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Statement of comprehensive income	4
Statement of financial position	5
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NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report and the financial statements for the year ended 31 March 2024.

Principal activity

Nottingham City Homes Enterprises Limited (the Company) is a housing company working to deliver the vision of creating homes and places where people want to live.

Directors

The directors who served during the year were:

Madeleine Foster (appointed 19 April 2023)
Kieran Timmins (appointed 21 April 2023)
Victoria Evans (appointed 1 May 2023)
Samuel Webster (appointed 1 May 2023)
Mark Martin (appointed 25 July 2023)
Natalie Shaw (appointed 1 February 2024)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Madeleine Foster
Director

Date:

Loxley House
Station Street
Nottingham
NG2 3NJ

Item 2.2 Appendix 3

NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £000	2023 £000
Turnover	3	1,250	1,459
Gross profit		1,250	1,459
Administrative expenses		(887)	(526)
Other operating income		61	-
Unrealised gain on Investment Properties	6	135	1,468
Operating profit		559	2,401
Interest payable and similar expenses	5	(872)	(917)
(Loss)/profit before tax		(313)	1,484
Tax on (loss)/profit		-	(367)
(Loss)/profit for the financial year		(313)	1,117

The notes on pages 6 to 13 form part of these financial statements.

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NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £000	2023 £000
(Loss)/profit for the financial year		(313)	1,117
Total comprehensive income for the year		(313)	1,117

The notes on pages 6 to 13 form part of these financial statements.

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NOTTINGHAM CITY HOMES ENTERPRISES LIMITED
REGISTERED NUMBER:09805670

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
Fixed assets			
Investment property	6	18,835	24,030
		<u>18,835</u>	<u>24,030</u>
Current assets			
Debtors: amounts falling due within one year	7	40	62
Cash at bank and in hand	8	921	419
		<u>961</u>	<u>481</u>
Creditors: amounts falling due within one year	9	(15,179)	(19,581)
Net current liabilities		<u>(14,218)</u>	<u>(19,100)</u>
Total assets less current liabilities		<u>4,617</u>	<u>4,930</u>
Provisions for liabilities			
Deferred tax		(1,210)	(1,210)
		<u>(1,210)</u>	<u>(1,210)</u>
Net assets		<u>3,407</u>	<u>3,720</u>
Capital and reserves			
Revaluation reserve	12	3,475	4,800
Profit and loss account	12	(68)	(1,080)
		<u>3,407</u>	<u>3,720</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Madeleine Foster
Director

Date:

The notes on pages 6 to 13 form part of these financial statements.

Item 2.2 Appendix 3

NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

Nottingham City Homes Enterprises Limited (the Company or NCHE) is a limited company domiciled and incorporated in England in the United Kingdom. The address of the Company's registered office and principal place of business is disclosed on page 1. The Company's principal activities and the nature of the Company's operations are set out in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Nottingham City Homes Limited as at 31 March 2024 and these financial statements may be obtained from Companies House.

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NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.3 Going concern

On 11 May 2022, the Council formally issued a notification of termination of the partnership agreement with Nottingham City Homes Limited (NCH) that triggered the transfer of the management of the Council's housing stock back. This occurred on 1 April 2023.

NCH Enterprises Limited (NCHE or the Company) is a for-profit subsidiary of NCH. Its business interests are primarily concerned with the direct letting, management and maintenance of homes for market rent in Nottingham and delivering an operating surplus back to the NCH Group to assist in the delivery of the aims and objectives of the NCH Corporate Plan

From the start of 2023/24, NCHE has commenced a process of asset disposal as part of the solution to the repayment of HRA Surplus Funds invested within the NCH group of companies. There is a degree of uncertainty around the extent and timing of the deliverability of this solution and as such, NCC will continue to offer the necessary financial support (including the deferral of loan repayments) to NCHE and the wider group to ensure they remain cash solvent during this period of asset disposal.

As a result of the disposal of all the properties within NCHE, it is the Directors' intention the Company will cease to trade and be wound up. The Board of NCHE have therefore approved that the accounts are prepared on a basis other than going concern. On the basis that the investment properties are held at a market value, the Directors have determined there to be no change in the valuation of assets associated with this basis of accounting.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.10 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Item 2.2 Appendix 3

NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate

Item 2.2 Appendix 3

NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.14 Financial instruments (CONTINUED)

method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

3. Turnover

An analysis of turnover by class of business is as follows:

	2024 £000	2023 £000
Property rental income	965	1,179
Property lease income	285	280
	<u>1,250</u>	<u>1,459</u>

All turnover arose within the United Kingdom.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2023: £NIL).

The average monthly number of employees, including directors, during the year was 0 (2023: 0).

5. Interest payable and similar expenses

	2024 £000	2023 £000
Interest on loans from Group parent	872	917
	<u>872</u>	<u>917</u>

Item 2.2 Appendix 3

NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

6. Investment property

	Freehold investment property £000
VALUATION	
At 1 April 2023	24,030
Disposals	(5,330)
Surplus on revaluation	135
AT 31 MARCH 2024	18,835

The 2024 valuations were made by heb Surveyors (Nottingham) LLP, on an open market value for existing use basis.

7. Debtors

	2024 £000	2023 £000
Trade debtors	3	31
Amounts owed by group undertakings	37	31
	40	62

8. Cash and cash equivalents

	2024 £000	2023 £000
Cash at bank and in hand	921	419

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NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

9. Creditors: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £000	2023 £000
Intercompany loans due within 1 year	14,516	18,606
Trade creditors	11	1
Amounts owed to group undertakings	606	797
Other taxation and social security	-	32
Accruals and deferred income	46	145
	<u>15,179</u>	<u>19,581</u>

10. Loans

Analysis of the maturity of loans is given below:

	2024 £000	2023 £000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Intercompany loans due within 1 year	<u>14,516</u>	<u>18,606</u>

Annuity loans from Nottingham City Council (NCC) are repayable over 40 years with interest set at fixed rates between 4.58% and 4.94%. Loan principal and accrued interest on the outstanding balances are repaid every 6 months. Borrowings are secured against the Investment properties of the Company.

11. Share capital and Reserves

The Company is limited by Ordinary share capital. The class of shareholding is two 1p ordinary shares.

12. Reserves

Revaluation reserve

This reserves is used for revalued investment properties in order to track what element remains non-distributable.

Profit and loss account

This reserve includes all current and prior period retained profits and losses.

Item 2.2 Appendix 3

NOTTINGHAM CITY HOMES ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

13. Commitments under operating leases

At 31 March 2024 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2024 £000	2023 £000
Not later than 1 year	44	43
	44	43

Lease commitments relate to the provision of 10 units of accommodation on Forest Road West by Nottingham City Homes Limited (NCH).

14. Related party transactions

The Company has related party transactions with NCH. An amount of £X (2022/23: £356k) was charged by NCH for services provided to the Company or paid on its behalf. The individual balances are presented below.

	NCH 2024 £'000	NCH 2023 £'000	NCC 2024 £'000	NCC 2023 £'000
Trade and other debtors	-	-	38	45
Trade and other creditors	(480)	(369)	(124)	(473)
Intercompany loans (due within 1 year)	-	-	(14,516)	(18,606)
	(480)	(369)	(14,602)	(19,034)

15. Controlling party

The Company is wholly owned by Nottingham City Homes Limited.

The ultimate parent undertaking is Nottingham City Council.

		ITEM:2.3
NOTTINGHAM CITY HOMES		
FINANCE MONITORING REPORT P12 MARCH 2024		THE GROUP BOARD
REPORT OF THE ASSISTANT DIRECTOR OF FINANCE		03 JULY 2024
1.	EXECUTIVE SUMMARY	
1.1	This report summarises the financial position of NCH Ltd and Group as at period 12 (March 2024).	
2.	RECOMMENDATIONS	
2.1	Note the financial position as per the management summary (appendix 1) and statutory accounts as at P12 for NCH Ltd and the Group.	
2.2	Note the 23/24 yearend cash position and projected cashflow projections for NCH Ltd and the Group to March 2027 and the cash implications for NCH Ltd parent company during 2025/26.	
2.3	Approve the draft NCH Ltd 24/25 budget as the original budget, revised to include the social housing rent increase agreed at the Group Board held in February 2024.	
2.4	Note the inclusion of a further £8.3m in 23/24 accounts to give a revised draft HRA surplus liability of £26.8m and the potential for this to continue to increase by additional opportunity costs for future years (c.£1m per annum) and the possibility for the overall liability to reduce if NCC pursues a challenge to the interest charges applied to date.	
2.5	Approve the spend relating to the following for 24/25: <ul style="list-style-type: none"> • NCC Service Contract Charges • NCC repairs charges • NCC loan interest and principle payments. 	
2.6	Affirm the position of the Statutory Accounts 23/24 presented earlier, particularly around going concern.	
3	PERIOD 12 2023/24 FINANCE UPDATE	
3.1	Appendix 1 shows the yearend outturn position for NCH Ltd trading activities and residual transferred services as well as a summary NCH Group financial position. The statutory accounts also provide the detailed profit and loss and balance sheet for the NCH Group and NCH company. Figures are presented gross, with tax computations pending.	
3.2	NCH Ltd generated a gross loss of £7.962m at P12, which compares to a forecasted loss of £99k. There were two technical adjustments made to the accounts that explains the significant variance, as follows:	

	<ul style="list-style-type: none"> • A charge to the profit and loss of £8.34m, which relates to the HRA liability owed to NCC for years 21/22, 22/23 and 23/24. This brings the total owed by NCH Ltd as at 31st March 2024 to £26.8m, which has been calculated as per the CIPFA report principles. This remains subject to S151 approval. • A further impairment to the arboretum property of £649k, to reflect the recent agent valuation of £3.940m. <p>After removing HRA activity and the arboretum impairment from the figures, NCH Ltd trading activity during 23/24 made a small gross profit of £22k compared to a gross forecasted loss of £48k, a positive variance of £70k. These figures exclude corporation tax, which is being calculated by Bishop Fleming (forecasted to be c.£136k for 23/24).</p> <p>The small trading variance is made up of several variances across NCH cost centres that largely offset each other. Key points to note are the higher NCC service contract charges incurred by NCH of £105k and repairs underspends of £93k, compared to latest forecast.</p>
3.3	<p>The NCH Group made a gross loss of £7.498m, with gross outturn by company as follows:</p> <p>NCH Ltd: (£7,961,597) NRP Ltd: £776,677 NEL: (£312,883)</p> <p>NEL Ltd latest forecast was a loss of £468k, with yearend results showing an improved position of £313k loss. This is mostly due to a technical adjustment to the accounts for an annual property revaluation of £135k. NEL also achieved property gains in year of £61k, which were not included in the forecast and have been offset in part by higher NCC service contract charges.</p> <p>NRP Ltd is showing a gross profit of £777k, which will be subject to a corporation tax charge estimated to be in the region of £210k, giving a net outturn of est. £567k. This is an improvement on 23/24 latest forecast of £246k and is mostly due to significant underspends on repairs and refurbishments to properties that could not be undertaken by the end of the year. In addition, NRP have benefitted from a smaller share of NCC service contract charges than forecast, a VAT 'rebate' of £36k and a reduced bad debt provision charge to the P&L of £75k.</p>
3.4	<p>The statutory accounts for 23/24 are being presented to Board separately. Key points to note are:</p> <ul style="list-style-type: none"> • NCH Group balance sheet as at March 2024 shows liabilities are now higher than assets by £267k. • NCH Ltd (company only) is in a worse position, with liabilities £5.3m higher than its assets. • Consideration to the Going Concern position of each company. At the time of writing and following the initial audit comments, NCH and NCH RP are classed

	as going concerns, with sufficient cash to continue trading and meeting debts, for a period of not less than 12 months from the date of signing the accounts (expected September), however there are material concerns as to the viability of the companies in subsequent periods. NCHEL is already treated on a basis other than going concern
3.5	<p>The statutory accounts will require sign off in the AGM meetings scheduled in September. NCC must provide a letter of assurance to the Auditors that confirms the group liabilities and the level of financial support NCC will provide to the Group, prior to accounts sign off.</p> <p>The companies house deadline remains 31st December 2024 and the RP Regulator Deadline remains 31st October 2024.</p>
4	CASH POSITION
4.1	NCH Ltd had £5.3m in cash assets and the NCH Group a total of £8.2m in cash assets at 31 st March 2024. This is line with expectations and these figures have been incorporated into the revised cash projections, which cover the next three financial years.
4.2	<p><u>HRA Surplus Repayment</u></p> <ul style="list-style-type: none"> • Balance now £27m following updates for 21/22 to 23/24 • HRA Interest accruing at just under £1m pa
	<p><u>Updated Cashflow Model</u></p> <ul style="list-style-type: none"> • Uses the 24/25 P & L budget base • Individual cashflows for each company • Has been reconciled back to Brixx model, updated for latest information. • Based on the Mazars individual cashflow models:- <ul style="list-style-type: none"> ○ Easier to update actuals for continued cash projections ○ Able to combine into a whole group position ○ Specific decisions can be flexed in or out of the cashflow to support scenario planning ○ Note: projections remain indicative due to the nature and variability of the income, costs and timings. Income and costs projections all based on latest estimates
4.4	<p><u>Summary Outputs</u></p> <p>Two examples of the model outputs are attached in Appendices 2 and 3.</p> <p><u>With No Additional Investment in either planned repairs or EPC C – APPENDIX 2</u></p> <ul style="list-style-type: none"> • The group delivers a small cash surplus of £171k pa

	<ul style="list-style-type: none"> £13.3m can be repaid by 25/26, which would leave the group c.£1.8m of cash, however NCH is cash insolvent by end of 25/26 at that time and cannot be funded through RP. Any HAVS penalty or costs are not included (c. £1m) No investment in properties (EPC C and necessary repairs to property conditions), which breaches the duty of care to vulnerable tenants EPC C alone [<i>not included in this scenario but would be over 5 years to 2030</i>] would show a £450k cash deficit pa and NCH becoming cash insolvent earlier in 25/26. <p><u>With additional cost of EPC C and Planned Repairs included – APPENDIX 3</u></p> <ul style="list-style-type: none"> The group delivers a cash deficit of £774k pa £13.3m can be repaid by 25/26, still leaving the group c.£1.8m of cash, however NCH is cash insolvent during 25/26 and by the end of the year would in theory be £1m insolvent. The timing of insolvency depends on investment in planned repairs, but with the duty of care to vulnerable tenants this would not be feasible to continue to avoid unless there is a planned exit and closure plan
4.5	<p><u>Summary Position</u></p> <ul style="list-style-type: none"> Liabilities now higher than assets With required spend on EPC C and Planned Repairs costs are now higher than income NCH runs out of cash and becomes insolvent during 25/26 without the support of NCH EL cash earmarked for HRA Repayment
4.6	<p><u>Next Steps and Independent Financial Assessment</u></p> <ul style="list-style-type: none"> We have agreed for an independent financial assessment of the options appraisals for the remaining cohorts to be undertaken by Bishop Fleming We are initiating a Task and Finish Group to secure NCC agreements for each cohort. Continuing issues and concerns from NCC around the impact on TA in the short term from sale of NCH properties and closure of the group. May be future issues around meeting the full £27m HRA Surplus Repayment if some cohorts are transferred or sold at existing use and not market value (in the 23/24 accounts the net liability was c. £267k [<i>NOTE: 22/23 was a net asset of £7m</i>])
5	HRA SURPLUS REPAYMENT
5.1	The 23/24 accounts include an adjustment of £8.3m bringing the total HRA liability owed by NCH to £26.8m to 31 st March 2024. This includes an adjustment to the 21/22 liability as well as the HRA liability for years 22/23 and 23.24. The calculation is based on the principles set out in CIPFA report and has been

	agreed with NCC technical officers. This, however, remains subject to S151 approval.																																												
5.2	Opportunity costs (interest charges) have been included in the revised figures, calculated in line with interest charges applied in prior years. NCC technical officers are considering a challenge to the interest calculation, which is included in the ministerial direction and a further adjustment may be required to the HRA figure if a change is agreed. This will reduce the interest charge applied to date.																																												
5.3	In the absence of any other decision by NCC, NCH should prepare for an opportunity cost (interest charge) to continue to be applied annually. Based on 23/24 interest rates (4.23%) this is likely to be in the region of £1m per annum.																																												
5.4	<p>Consideration should be given to agreeing an HRA payment back to NCC with the proceeds from the sale of the arboretum and available cash within the NCH Bank before the end of 2024/25. This could be in the vicinity of £8m and would have a positive impact on reducing the HRA Opportunity Cost Interest by c. £320k pa</p> <p>This would see the disposal proceeds from EL properties retained in the business to support the NCH cashflow as required. Note the cash within the RP can not be used to support it's parent.</p>																																												
6.	BUDGET 2024/25																																												
6.1	<p>The table below provides a refreshed 24/25 budget for NCH Ltd, which includes the increase to the social housing rents, agreed at the Board held in February 2024.</p> <p>Board are asked to approve the draft as the original 24/25 budget, recognising that this will need to be amended periodically as decisions made filter through into the financial figures.</p> <table><tr><td></td><td colspan="2">2023/24</td><td>2024/25</td></tr><tr><td></td><td>Budget Latest</td><td>Forecast</td><td>Draft Budget</td></tr><tr><td>NCH Ltd Trading</td><td>Full year £'000</td><td>Full year £'000</td><td>Full year £'000</td></tr><tr><td>Income Rental Properties</td><td>(784)</td><td>(789)</td><td>(951)</td></tr><tr><td>Income - Intercompany Leases</td><td>(1,375)</td><td>(1,375)</td><td>(1,465)</td></tr><tr><td>Income Other</td><td>(7)</td><td>(5)</td><td>(5)</td></tr><tr><td>Management</td><td>125</td><td>114</td><td>246</td></tr><tr><td>Lease, Repairs & Property</td><td>968</td><td>879</td><td>957</td></tr><tr><td>Loan Interest</td><td>832</td><td>837</td><td>827</td></tr><tr><td>Admin & Other Costs</td><td>289</td><td>438</td><td>488</td></tr><tr><td>(Profit)/Loss</td><td>48</td><td>99</td><td>97</td></tr></table>		2023/24		2024/25		Budget Latest	Forecast	Draft Budget	NCH Ltd Trading	Full year £'000	Full year £'000	Full year £'000	Income Rental Properties	(784)	(789)	(951)	Income - Intercompany Leases	(1,375)	(1,375)	(1,465)	Income Other	(7)	(5)	(5)	Management	125	114	246	Lease, Repairs & Property	968	879	957	Loan Interest	832	837	827	Admin & Other Costs	289	438	488	(Profit)/Loss	48	99	97
	2023/24		2024/25																																										
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(Profit)/Loss	48	99	97																																										
7	24/25 Spend Approval – NCH Ltd																																												

7.1	The Board are asked to approve the annual spend relating to the 24/25 NCC service contract, the NCC repairs contract and the 24/25 NCC loan interest and principle repayments. These will be paid via purchase order and will be subject to officer review and approval prior to payment.
7.2	<p>NCC repairs costs vary depending on the volume and type of repairs required. Costs are budgeted to be c.£360k for 24/25.</p> <p>NCC 24/25 service contract costs for NCH are budgeted to be in the region of £240k. Officers will be revisiting some of the charges for 24/25 but costs are expected to be similar to 23/24.</p> <p>NCH Ltd loan interest and principle payments will be made as per the 24/25 loan schedule at c.£1.28m for the year.</p>
8	FINANCE RESOURCE RISKS
8.1	<p>NCH Finance support is delivered through an Interim Assistant Director of Finance (30% time), a permanent Group Finance Accountant (100%) and an Interim Management Accountant (100%) plus some additional transactional and clerical support delivered through the Service Agreement.</p> <p>The Interim Director of Finance is presently contracted to the end of September 2024 with the possibility of extension to March 2025. The Interim Management Accountant is contracted to the end of June 2024 and papers extending this to the end of March 2025 have been submitted.</p> <p>The Board is asked to note that given the volume of financial day to day and reporting activity now existing over the three subsidiary companies along with financial year end and statutory accounts requirement over April and May, plus the volume of additional financial requirements already highlighted within this paper, that the available financial resource will be under enormous pressure to continue to deliver, unless the existing finance resource is extended or an alternative put in place.</p>
9	LEGAL IMPLICATIONS
9.1	Under the Companies Act 2006, the Directors are under a responsibility to understand the contents of the Statutory Accounts, specifically:
9.2	Section 172 of the UK's Companies Act 2006, imposes on a director the duty to 'act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole' and, in so doing, to have regard to a series of factors listed in the section which refer to the promotion of social, environmental and governance objectives.
9.3	Section 173 of the UK's Companies Act 2006, imposes on a director a positive duty to exercise independent judgment

9.4	Section 174 of the UK's Companies Act 2006, imposes a duty on a director to exercise the care, skill and diligence that would reasonably be expected of a diligent person carrying out the functions of a director.
9.5	NCC have prohibited NCH from utilising HRA funds/surpluses for non HRA activity. This will limit the ability to use cash reserves or assets bought/acquired from reserves for commercial activities e.g. market rent or 'general fund' activities (such as homeless accommodation)
9.6	Article 5(8) of the NCH Ltd Articles states : Subject to the prior written consent of the Council Member, make donations, grants or loans or provide services or assistance to such persons and Organisations and on such terms as the Organisation shall think fit to further the objects of the Organisation. Any support to NCHEL will require the Council Members consent which has previously been declined.
10	IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES
10.1	Robust and effective monitoring of income and expenditures across the organisation are critical to ensure that costs are tightly managed and controlled. This will maximise the amounts available to repay amounts owing to the NCC HRA and ensure the group remains cash solvent during the period the business is being closed.
11	EQUALITY AND DIVERSITY IMPLICATIONS
11.1	Has the equality impact of these proposals been assessed? <input type="checkbox"/> Yes (EIA attached) <input checked="" type="checkbox"/> No (this report does not contain proposals which require an EIA)
12	BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT
12.1	Appendices 1: NCH Ltd and Group Summary Finance Monitoring Report as at March 2024
Contact officers:	Name: Andrew Berry and Tracy Martin
	Address: Loxley House, Station Street, Nottingham NG2 3NJ
	E-mail: andrew.berry@nottinghamcity.gov.uk E-mail: tracy.martin@nottinghamcity.gov.uk
Date: 3rd July 2024	

2.3 Appendix 1

Period 12 NCH Ltd Trading Position and Summary Forecast

* Actual figures before tax

	PERIOD 12			2023/24		
	Actual	Budget Latest	Variance	Budget Latest	Forecast	Variance
	YTD £'000	YTD £'000	YTD £'000	Full year £'000	Full year £'000	Full year £'000
NCH Ltd Trading						
Income Rental Properties	(805)	(785)	(20)	(784)	(789)	(4)
Income - Intercompany Leases	(1,375)	(1,375)	(0)	(1,375)	(1,375)	0
Income Other	(7)	(7)	0	(7)	(5)	2
Management	251	125	126	125	114	(11)
Lease, Repairs & Property	823	968	(145)	968	879	(89)
Loan Interest	836	832	4	832	837	5
Admin & Other Costs	904	289	615	289	438	149
(Profit)/Loss - NCH Trading	627	48	580	48	99	52
HRA Transactions	7,335	=> £8,348m HRA Surplus, net of legacy transaction recharges.				
(Profit)/Loss - NCH Ltd	7,962					

NCH Group Period 12 Finance Report

	PERIOD 12			2023/24		
	Actual	Budget Latest	Variance	Budget Latest	Forecast	Variance
	YTD £'000	YTD £'000	YTD £'000	Full year £'000	Full year £'000	Full year £'000
NCH Group Finance Report as at 31st Dec						
Income Rental Properties	(10,669)	(10,324)	(345)	(10,324)	(10,400)	(74)
Income Other	(18)	(17)	(1)	(17)	(15)	2
(Profit)/Loss on disposal	(61)	0	(61)	0	0	0
Property Revaluation	(135)	0	(135)	0	0	0
Management	2,143	1,990	153	1,990	1,979	(11)
Lease, Repairs & Property	5,019	5,156	(137)	5,156	5,052	(105)
Loan Interest	1,837	1,849	(12)	1,849	1,854	5
Admin & Other Costs*	2,047	1,700	347	1,700	1,822	123
(Profit)/Loss Before Tax *	163	353	(190)	353	292	(61)
HRA Transactions	7,335	=> £8,348m HRA Surplus, net of legacy transaction recharges.				
(Profit)/Loss - NCH Ltd	7,498					

* Budgets include estimates for tax. No tax charges reported in actuals, tax computations pending

* Includes Arboretum Impairment £649k

	PERIOD 12			2023/24		
	Actual	Budget Latest	Variance	Budget Latest	Forecast	Variance
	YTD £'000	YTD £'000	YTD £'000	Full year £'000	Full year £'000	Full year £'000
Group (Profit)/Loss Position as at 31st Dec						
NCH Ltd Trading	627	48	579	48	99	52
NRP Ltd	(777)	(275)	(502)	(275)	(275)	0
NEL Ltd	313	581	(268)	581	468	(112)
Group Trading (Profit)/Loss Before Tax	163	353	(190)	353	292	(61)
HRA Transactions	7,335	=> £8,348m HRA Surplus, net of legacy transaction recharges.				
Group (Profit)/Loss Before Tax	7,498					

2.3 APPENDIX 2

Projected Cash Position

NCH Net Cash and Cash in the Bank to Year 26/27 (3 Year Projection) - Group and Companies

The table below shows projected net cash inflows/outflows for each company by year. NCH transactions have been split into NCH Ltd and HRA activities. Cash in the bank is also split by what is deemed to be HRA and NCH Ltd funds. Model assumes NCH Ltd had no cash reserves on ALMO transfer, in line with the CIPFA assessment that non-HRA services were loss making year on year.

NET CASH INFLOWS/(OUTFLOWS)				
Negative = costs greater than income				
	Actuals	Projected	Projected	Projected
	23/24	24/25	25/26	26/27
NCH Ltd - Post 23/24	(93,604)	279,616	(260,851)	(1,526)
NCH Ltd - HRA	(10,106,020)	918,310	4,986,000	0
NEL Ltd	501,647	1,733,472	(732,859)	
NRP Ltd	451,017	(208,722)	163,552	179,435
Group Total	(9,246,960)	2,722,677	4,155,842	171,909
Ctrl check	0	0	0	0
Flex Ctrl			0	0

CASH IN THE BANK AS AT 31st March					
Negative = 'overdrawn' position					
	Opening Bank	Actuals	Projected	Projected	Projected
	22/23	23/24	24/25	25/26	26/27
NCH Ltd - Post 23/24 Bank*	0	(93,604)	186,012	(74,839)	(76,365)
NCH Ltd - HRA Bank	15,542,090	5,436,070	6,354,380	11,340,380	11,340,380
NEL Ltd*	418,978	920,625	2,654,097	1,921,238	1,921,238
NRP Ltd	1,468,118	1,919,135	1,710,412	1,873,964	2,047,400
Group Total	17,429,185	8,182,225	10,904,902	15,060,744	15,232,653
* Total cash in bank available to NCH Ltd					
Ctrl check	0	0	0	0	0
				13,261,618	

FLEX OPTIONS	Type YES to	Comments
Dispose of Fairham	yes	Removes all direct cash transactions associated with Fairham from 26/27 onwards c. £43k per annum
Dispose of Arboretum	yes	Removes all direct cash transactions from 25/26 onwards, assumes £3,940m sale value(HRA) and 1.5% selling costs (NCH Ltd)
Add in 30 year stock condition costs		Assumes £9m over 30 years annum, pro rata'd + 2.5% inflation. NCH Ltd only
Add in EPC C costs		Assumes £3m total costs (£20k x 150 assets) over five years (target date 2030) + 2.5% inflation
Dispose of Midland House		Removes all direct cash transactions associated with Midland House from 26/27 onwards
Dispose of Social Housing Cohort		Removes all direct cash transactions associated with Social Housing cohort from 26/27 onwards. Assumes sale proceeds with equal loan principle + selling costs
Dispose of FRW	yes	Cash transactions already removed from cashflow but adds in sale proceeds of £1.046m less 1.5 % assumed selling costs
Dispose of Dispersed Housing		Removes direct cash transactions already removed from cashflow
Dispose of Move On		Removes direct cash transactions already removed from cashflow - Assumes asset sale proceeds with cover loanf principle and selling costs so no net receipts
Dispose of Highwood House		Removes direct cash transactions already removed from cashflow
Dispose of PSL		Removes direct cash transactions already removed from cashflow
NRP Owned		Removes direct cash transactions already removed from cashflow - Assumes asset sale proceeds with cover loanf principle and selling costs so no net receipts

2.3 APPENDIX 3

Projected Cash Position

NCH Net Cash and Cash in the Bank to Year 26/27 (3 Year Projection) - Group and Companies

The table below shows projected net cash inflows/outflows for each company by year. NCH transactions have been split into NCH Ltd and HRA activities. Cash in the bank is also split by what is deemed to be HRA and NCH Ltd funds. Model assumes NCH Ltd had no cash reserves on ALMO transfer, in line with the CIPFA assessment that non-HRA services were loss making year on year.

NET CASH INFLOWS/(OUTFLOWS)				
Negative = costs greater than income				
	Actuals	Projected	Projected	Projected
	23/24	24/25	25/26	26/27
NCH Ltd - Post 23/24	(93,604)	279,616	(1,183,351)	(947,088)
NCH Ltd - HRA	(10,106,020)	918,310	4,986,000	0
NEL Ltd	501,647	1,733,472	(732,859)	
NRP Ltd	451,017	(208,722)	163,552	175,435
Group Total	(9,246,960)	2,722,677	3,233,342	(773,653)
Ctrl check	0	0	0	0
Flex Ctrl			0	0

CASH IN THE BANK AS AT 31st March							
Negative = 'overdrawn' position							
	Opening Bank	Actuals	Projected	Projected	Projected	check	check
	22/23	23/24	24/25	25/26	26/27	25/26	26/27
NCH Ltd - Post 23/24 Bank*	0	(93,604)	186,012	(997,339)	(1,944,428)	0	0
NCH Ltd - HRA Bank	15,542,090	5,436,070	6,354,380	11,340,380	11,340,380	0	0
NEL Ltd*	418,978	920,625	2,654,097	1,921,238	1,921,238	0	0
NRP Ltd	1,468,118	1,919,135	1,710,412	1,873,964	2,047,400	0	0
Group Total	17,429,185	8,182,225	10,904,902	14,138,244	13,364,590		
* Total cash in bank available to NCH Ltd							
Ctrl check	0	0	0	0	0		
				13,261,618			

FLEX OPTIONS	Type YES to	Comments
Dispose of Fairham	yes	Removes all direct cash transactions associated with Fairham from 26/27 onwards c. £43k per annum
Dispose of Arboretum	yes	Removes all direct cash transactions from 25/26 onwards, assumes £3,940m sale value(HRA) and 1.5% selling costs (NCH Ltd)
Add in 30 year stock condition costs	yes	Assumes £9m over 30 years annum, pro rata'd + 2.5% inflation. NCH Ltd only
Add in EPC C costs	yes	Assumes £3m total costs (£20k x 150 assets) over five years (target date 2030) + 2.5% inflation
Dispose of Midland House		Removes all direct cash transactions associated with Midland House from 26/27 onwards
Dispose of Social Housing Cohort		Removes all direct cash transactions associated with Social Housing cohort from 26/27 onwards. Assumes sale proceeds with equal loan principle + selling costs
Dispose of FRW	yes	Cash transactions already removed from cashflow but adds in sale proceeds of £1.046m less 1.5 % assumed selling costs
Dispose of Dispersed Housing		Removes direct cash transactions already removed from cashflow
Dispose of Move On		Removes direct cash transactions already removed from cashflow - Assumes asset sale proceeds with cover loanf principle and selling costs so no net receipts
Dispose of Highwood House		Removes direct cash transactions already removed from cashflow
Dispose of PSL		Removes direct cash transactions already removed from cashflow
NRP Owned		Removes direct cash transactions already removed from cashflow - Assumes asset sale proceeds with cover loanf principle and selling costs so no net receipts

NOTTINGHAM CITY HOMES

REPORT OF THE HEAD OF GOVERNANCE AND COMPLIANCE

THE GROUP BOARD
3 JULY 2024

GOVERNANCE REPORT

1 EXECUTIVE SUMMARY

- 1.1 Updates on last year's Board Effectiveness questionnaire and the most recent NCH RP and ARCC meetings are included for information. Board is also asked to agree a delegation to sign notices seeking possession and issue of legal proceedings to the Executive Assistant in the absence of the NCH Company Solicitor. An update on the Data Integrity audit is also included.

2 RECOMMENDATIONS

It is recommended that the Board

1. **NOTES** the updates on Board Effectiveness and NCH RP Board and ARCC meetings;
2. **AGREES** to delegate the signing of notices seeking possession and issuing legal proceedings to the Executive Assistant in the absence of the NCH Company Solicitor; and
3. **NOTES** the position on the Data Integrity audit.

3.1 Board Effectiveness

- 3.1.1 A Board Effectiveness questionnaire was undertaken last year with the following outcomes

1. Directors may not have the full skills available to run the Company
2. We now have no independent advisors or directly employed officers and so we are reliant upon the services that NCC officers provide which on occasions can be far from ideal
3. There is still work to be done to identify the long-term vision for the Group and NCH RP and ensure long term Governance structures are fit for purpose.
4. People have not had adequate training during their time with Company, or adequate appraisals
5. Board reports could be more concise

Since the survey was undertaken the following actions have been put in place

1. *Directors may not have the full skills available to run the Company*

The Group Board is now fully populated and members have the skills to fully meet the Board's skills matrix. Training on new legislation and regulations has been completed. A full appraisal process that identifies individual learning and development needs is in place. However, NCH RP is currently reduced to 3

members and there are skills gaps in finance/property/asset management. In the short term these could be filled through co-opting other Board Members or seeking another source of expert advice. A further Governance Review will take place in July and August.

2. We now have no independent advisors or directly employed officers and so we are reliant upon the services that NCC officers provide which on occasions can be far from ideal

A Chief Operating Officer has now been appointed.

3. There is still work to be done to identify the long-term vision for the Group and NCH RP and ensure long term Governance structures are fit for purpose.

A Group Business Plan has now been agreed through NCC's CGEC and a Task and Finish Group with NCC is being set up to implement it. The Plan will also inform the Business Plans for NCH RP and NCH EL.

4. People have not had adequate training during their time with Company, or adequate appraisals

The appraisal process including development initiatives has been rolled out and compliance training completed. We are currently considering the training required to support Board Members implement the Business Plan.

5. Board reports could be more concise

The Board Member who made this observation last year has been contacted for an update. Further Board Member observations are invited on this and the quality of Board reporting overall

Board is asked to NOTE the update on Board Effectiveness.

3.2 Update from Boards and Committees

3.2.1 **NCH RP** discussed the impact of the business planning process at its meeting on 14 May, including how to react if the NCH Group fell into liquidation. In these circumstances the RP Board would have a fiduciary duty to handle their powers only for the collective benefit of the RP. If NCH fell into liquidation NCH RP would have to consider the impact for them, which might include selling properties currently leased to it for Temporary Accommodation. It was agreed to ask Towers and Hamlins to advise on the options open to NCH RP at this time, and what the Board need to do to fulfil its fiduciary duty.

3.2.2 The **Audit Risk and Compliance Committee** (ARCC) met on 17 June 2024. It noted the current position on the annual accounts including the need to obtain a letter of comfort from NCC that gives assurances on debt and loan repayments. Brixx software modelling had highlighted that the NCH Group could run out of money as early as 2025/26. Reflecting on the RP meeting on 14 May ARCC agreed to add a further Governance risk to the Corporate Risk Register highlighting the potential risks surrounding the closure of NCH and the need for NCH Boards to comply with the Companies Act 2006 at the same time. Additional financial risks relating to the Business Plan and financial position were also included (see separate report on the Corporate Risk Register).

The Committee also noted that compliance on the key safety areas was currently at 100%. Fire doors should be fitted at Highwood House by the end of June. NCC was also putting measures in place to ensure compliance with Awaab's law including training to identify and diagnose cases and a vulnerability matrix to help prioritise high risk cases.

3.3 Board Delegations

- 3.3.1 In the absence of the Company Solicitor it is proposed that the Board delegate powers to sign notices seeking possession and issue of legal proceedings for possession for and on behalf of NCH Limited to the Executive Assistant. This will ensure operational matters can be addressed promptly as required.

Board is asked to AGREE delegation to sign notices seeking possession and issue of legal proceedings for possession to the Executive Assistant in the absence of the NCH Solicitor.

3.4 Data Integrity Audit

- 3.4.1 The Data Integrity audit commenced two weeks and while a number of data returns have now been received and work is well advanced it is not complete enough to provide an update to this meeting. We are still awaiting some of the data returns and when these arrive reconciliations with the other data provided will need to be carried out. A completed audit will be submitted to Board Members as soon as it is available. It will be reported to the next full Board Meeting in September

Board is asked to note the update on the Data Integrity audit.

4. **FINANCIAL, LEGAL AND RISK IMPLICATIONS**

4.1 Financial Implications

- 4.1.1 None.

4.2 Legal Implications

- 4.2.1 All of the initiatives within this report are carried out to ensure compliance with good practice and legislation including the Companies Act 2006 and NCH's Governance processes.

4.3 Risk Implications

- 4.3.1 The Group needs to have experienced and well qualified Board Members in place to run the Company.

5 **IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES**

- 5.1 In line with having a knowledgeable Board with the skills to manage the NCH Group.

6 **EQUALITY IMPACT ASSESSMENT**

- 6.1 Has the equality impact of these proposals been assessed?

☐ Yes (EIA attached)

☒ **No** (this report does not contain proposals for significant changes to process at this stage).

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

7.1 NHF Code of Governance 2020.

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DATE: 17 JUNE 2024

NOTTINGHAM CITY HOMES

NCH SOCIAL RENT HOMES PERFORMANCE REPORT

THE GROUP BOARD

3 JULY 2024

REPORT OF THE EXECUTIVE ASSISTANT

1. EXECUTIVE SUMMARY

- 1.1 This report updates the Board in relation to the key performance and building compliance measures for the 120 NCH affordable (Social Housing) homes as at Quarter 4, 2023/24.

2. RECOMMENDATIONS

- 2.1 **Note and comment** on the performance and property compliance position as provided.
- 2.2 **Agree** any areas that the Board requires exploring in relation to under-performance.

3 REPORT

- 3.1 Nottingham City Council (NCC) Housing Services delivers services to the 120 NCH social homes and tenants under the NCC/ NCH Service Contract. The Service Contract is currently under annual review and proposed changes have been submitted to NCC for comment and approval.
- 3.2 Nominated NCH lead officers continue to work with the NCC Housing Services' Business Transformation team to improve the quality of performance data to support management of the NCC/ NCH Service Contract and for Board.
- 3.3 Some measures are performing strongly; building safety compliance for example. Rent collection and average re-let time less so and complaints are on the rise. Key Performance Indicators with NCH commentary are set out at Appendix 1. Building Safety Compliance measures are in Appendix 2.
- 3.4 Damp and Mould inspections are now being completed more quickly, but a backlog of works orders means that rectification is taking too long. A deeper dive into Damp and Mould performance and process was undertaken and reported to ARCC on 17 June 2024. The KPIs and extract of the ARCC report are in Appendix
- 3.5 Where performance does not meet expectations and/ or the requirements under the NCC/ NCH Service Contract, these are raised in accordance with the procedure listed in the contract

4 FINANCIAL IMPLICATIONS

- 4.1 Poor rent collection rates and over-target average relet times adversely affect financial viability in both the profit and loss for a property group that is already loss making, with a negative impact on cashflow projections.

5 LEGAL IMPLICATIONS

- 5.1 Performance in relation to service delivery is linked to the Service Contract and its associated management. Board needs to ensure that it remains satisfied regarding service delivery and if not, what steps it wishes to take regarding outstanding matters to mitigate any liability on the NCH group for service failure.

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES

- 6.1 Robust and effective monitoring of performance is critical to ensure the delivery of homes and places where people want to live.

7 EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 Has the equality impact of these proposals been assessed?
☐ Yes (EIA attached)
☒ No (this report does not contain proposals which require an EIA)




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













- 8.1 Appendix 1 – Performance report for Quarter 4, 2023/24
Appendix 2 – Building Safety Compliance
Appendix 3 – Damp and Mould data and process.



















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Date: 20 June 2024

NCH SOCIAL HOUSING BOARD REPORT – Q4 2023/24


Key to icons used in this report	
	Performance is meeting or exceeding target
	Performance is not meeting the target
	Performance is best yearly ever recorded
	No change in performance from 2022/23 or no target set
	Benchmarking: Top quartile performance
	Benchmarking: Lower median performance
	Benchmarking: No benchmarking figure
	Meeting target, performance is better than 2022/23
	Meeting target, performance is worse than 2022/23
	Not meeting target, performance is better than 2022/23
	Not meeting target, performance is worse than 2022/23
	Benchmarking: Upper median performance
	Benchmarking: Bottom quartile performance

Measure	23/24 Result	23/24 Target	Status	Short Trend	H/mark Quartile	22/23 Result
Stage one complaints responded to within complaint handling code timescales	77.78%	99.00%				100.00%
NCH commentary; The Annual Complaints review is being reported to Board on 3 July 2024.						
Proportion of homes that do not meet the Decent homes standard	0.00%	0.00%				10.61%
NCH commentary; All homes meet the Decent Homes standard. A full stock condition and HHSRS survey is being completed July to September 2024.						
% of domestic dwellings with a valid gas safety certificate	100.00%	100.00%				100.00%
NCH commentary; 100% compliance and well managed.						
Electrical safety: Ensuring that all properties have a valid EICR	100.00%	100.00%				98.48%
NCH commentary; 100% compliance and well managed.						

Measure	23/24 Result	23/24 Target	Status	Short Trend	H/mark Quartile	22/23 Result
% of rent collected	99.11%	100.70%				98.09%
NCH commentary; Rent collection performance has dipped below 100% which is disappointing given that there was £68k outstanding rent arrears on current tenancies as at 31 March 2024.						
Arrears as a % of rent due	9.18%	2.01%				N/A
NCH commentary; Outstanding arrears remain high and this indicator has made very little progress in the last 12 months despite actions ramping up. Since October 2023, over 20 NSPs have been served, possession applications have been submitted and 2 eviction dates listed. Despite this 43 of the 120 tenants owed more than 1 month's rent at year end. NCH has had to make additional provision for bad debts in the 2023/24 accounts because of the level of indebtedness.						
Average relet time	88	45				47.41
NCH commentary; Average relet time has increased considerably and is now double the low target set. However, turnover is low and this thankfully only relates to 2 properties, but the longest void duration was 92 days. Void performance is being raised formally with NCC.						
Lettable voids	0	8				29
NCH commentary; There were no lettable voids or unlettable voids at the end of 2023/24.						
Emergency repairs completed in target	87.10%	100.00%				87.37%
NCH commentary; The target for emergency repairs is 100% completion within 24 hours. Performance is below target during 2023/24, which is of concern in emergency repairs particularly. Now the NCH Group has performance data, this will be raised with NCC Housing Services Property and improvements sought.						
Non-emergency repairs completed in target	61.54%	65.00%				68.52%
NCH commentary; The target for non-emergency repairs is 65% completion within 30 days. There has not been an explanation why the target is just 65% and clarification will be sought. Performance is below that already low target during 2023/24, which is of concern as these include urgent repairs such as a leaking or non-flushing toilet. Now the NCH Group has performance data, this will be raised with NCC Housing Services Property and improvements sought.						

Measure	23/24 Result	23/24 Target	Status	Short Trend	H/mark Quartile	22/23 Result
% of emergency repairs raised	31.17%	N/A				54.71%
NCH commentary; The reduction of repairs raised as an emergency has dropped significantly. This is thought to be due to the re-classification of what is an emergency and a higher number have been pushed into the non-emergency repair category with a target of 30 days.						
Average void repair cost per property	£3,120.16	N/A				£2,075.64
NCH commentary; The average void repair cost is more than 50% of the 2022/23 demand. However, it is difficult to determine whether this is a trend due to there being only 2 voids in the year, so it is very open to a single property significantly affecting average values						
Average cost of a responsive repair	£140.76	N/A				£171.71
NCH commentary; The average cost of a repair has dropped in 2023/24. There are no obvious reasons identified for this other than the backlog in repairs meaning that works haven't been done and if a tenancy terminates with outstanding work, this is included in the (increased) void costs. This has been a common theme in NCH RP dwellings where turnover is much higher and therefore more easily identified.						

Appendix 2; NCH OWNED PROPERTY COMPLIANCE DASHBOARD, Q4, 2023/24

Q4 NCH Social Homes Stock Compliance Dashboard								 Nottingham City Council	Housing Services
Compliance Area	No. of Properties Affected	No. Complying	Percentage Compliance	Percentage Compliance last reported	Trend since previous report	Servicing Frequency	Responsible	Comments	
GAS									
Gas Safety Domestic	120	120	100.00%	100.00%	↔	Annually	Mechanical and Electrical Team		
ELECTRICAL									
Electrical Installation Condition Report (EICR)	119	119	100.00%	100.00%	↔	5 Yearly	Technical Services Team	Based on occupied properties	
FIRE SAFETY									
Fire Risk Assessments	0	0	NA	NA	↔	Annually	Building Safety Team		
High Risk Actions (Overdue)	0	0	NA	NA	↔	N/A	Building Safety Team		
ASBESTOS									
Inspections of Communal Areas with Asbestos	0	0	NA	NA	↔	Annually	Building Safety Team		
WATER HYGIENE									
L8 Risk Assessments	0	0	NA	NA	↔	Annually	Technical Services Team		
LIFTS									
Passenger Lifts	0	0	NA	NA	↔	Monthly	Technical Services Team		
LOLER Inspections	0	0	NA	NA	↔	6 months	Technical Services Team		
Smoke and CO Detectors									
Smoke Alarms fitted	120	120	100.00%	100.00%	↔	N/A	Mechanical and Electrical Team	Based on occupied properties	
CO Detectors fitted	120	120	100.00%	100.00%	↔	N/A	Mechanical and Electrical Team	Based on occupied properties	

Appendix 3: Humidity, Damp and Mould

NCC Housing Services have a target to inspect and survey damp, mould and condensation within a 15 working day target. There has been a marked improvement from October onwards where a dedicated Damp and Mould team has been put in place.

NCH Group Humidity, Damp and Mould Inspections 2023/24							
Month	D&M Inspections raised	D&M Surveyed In Target (15 days)	Average days to complete inspection	live inspections	Carded no access	% completed in target (not incl. no access)	% completed in target (incl. no access)
Mar	17	10	11	0	7	58.8%	100.0%
Feb	16	10	8	0	6	62.5%	100.0%
Jan	16	13	8	0	3	81.3%	100.0%
Dec	9	6	15	0	3	66.7%	100.0%
Nov	22	18	10	0	4	81.8%	100.0%
Oct *	7	7	8	0	1	100.0%	100.0%
Sep	7	6	15	0	1	85.7%	100.0%
Aug	7	0	29	0	3	0.0%	42.9%
Jul	8	0	38	0	2	0.0%	25.0%
Jun	5	1	37	0		20.0%	20.0%
May	4	1	77	0		25.0%	25.0%
Apr	9	1	92	0		11.1%	11.1%
Total	127	73		0	30	57.5%	81.1%

* Additional inspection resources commenced working in October 2023.

The majority of inspections were at NCH Dispersed homes leased to NCH RP.

The stats include 2 x notified appointments within the 15 working day target. Where access has not been gained the team keep the job open and send a new appointment to facilitate access

As at 6 June 2024, inspections are being completed in 4 days.

No access cases are continuously worked, but more needs to be understood about this process and regular meetings have been arranged.

There have been 154 works orders raised on NCH Group properties in 2023/24, some of which relate to inspections undertaken in 2022/23.

88 (57%) have been completed, with an average time from works order to completion of 37 days. This does not include the time waiting for an inspection or the time between the inspection and the works order raised and appointment being booked.

NCH Group Works orders raised 2023/24						
Month	D&M Works orders raised	Est Cost	Completed in target	Live in Target	Live Out of Target	% in target
Mar	23	£37,440	1	22	0	100.0%
Feb	14	£19,571	0	14	0	100.0%
Jan	8	£7,939	2	6	0	100.0%
Dec	10	£7,491	4	5	1	90.0%
Nov	6	£5,710	5	0	1	83.3%
Oct	4	£3,846	3	0	1	75.0%
Sep	7	£5,713	5	0	2	71.4%
Aug	33	£12,752	30	0	3	90.9%
Jul	29	£7,918	22	0	7	75.9%
Jun	15	£6,336	12	0	3	80.0%
May	2	£1,599	1	0	1	50.0%
Apr	3	£1,269	3	0	0	100.0%
Total	154	£117,584	88	47	19	

Visual property inspections in temporary accommodation are carried out by the support team at least once a month to ensure problems are highlighted early. Stock condition surveys and HHSRS assessments are in progress and pro-active measures are being considered to reduce the instance of damp and mould in these dwellings.

Extract from ARCC report, 17 June 2024

4 HUMIDITY, DAMP AND MOULD

- 4.1 NCC Housing Services manage humidity, damp and mould in NCH Group properties in accordance with the Service Contract. The only exception is where NCH RP leases or licences properties from corporate landlords, where it is their responsibility to manage and keep the property in good repair.
- 4.2 The current NCC Housing Services targets for dealing with humidity, damp and mould are;
- ❖ 15 working days (three calendar weeks) to undertake an inspection
 - ❖ 130 working days (six calendar months) to complete a repair.
- 4.3 All inspections since September 2023 have been completed within the 15 day target and current performance is stated at 4 working days. Non-access cases remain open until access is gained, involving the NCH EL, NCH RP or Housing Patch Manager teams as appropriate if difficulty is encountered. This is monitored by the team manager to ensure all cases are actioned.
- 4.4 There has been a backlog of works which is now being addressed with the assistance of the procured contractors; United Living and Lovell. To reduce the backlog and improve works response times, the current process is;
- ❖ All new damp and mould inspected works goes to United Living and is RAG Rated. Red cases receive an immediate response
 - ❖ Existing works orders under £1k value are being completed by the NCC Housing Services, again prioritised using a RAG rating system
 - ❖ Existing works orders over £1k value are being completed by Lovells
 - ❖ Void properties are dealt with by the NCC Housing Services Voids team.
- 4.5 All surveyors are undergoing Damp, Mould and Condensation qualification training. Lower level training/ information continues to be provided to front-line teams and residents. Specific training for the NCH RP Temporary Accommodation and the Customer Services team is being planned.
- 4.6 The 150 NCH dispersed properties leased to NCH RP are particularly prone to damp and mould being solid brick Edwardian terraces, with larger families in residence at times. These are the highest risk for the NCH Group and form the majority of inspections and works. However, a team member will be in those homes at least monthly and is required to assess visually for damp and mould, ensuring early identification.

- 4.7 NCC Housing Services are gearing up for the implementation of Awaab's Law in accordance with Regulatory guidance, although the policy and procedure is not currently in place. The Customer Services team will need specific training to identify resident vulnerability and damp/ mould severity to ensure an appropriate response is provided. This is likely to include a specialist surveyor working in Customer Services in the short/ medium term and will require photographic/ video evidence of the damp/ mould and proof of vulnerability.

A Vulnerability/ Severity matrix is proposed, akin to a Risk matrix, where the vulnerability multiplied by the severity gives a score that is RAG rated;

- ❖ Extreme vulnerability/ severe DMC = 24 hour response, start to finish
- ❖ Severe vulnerability/ serious DMC = 7 day response
- ❖ Serious/ moderate = 14 day response
- ❖ No vulnerability/ minor = 28 day response

NOTTINGHAM CITY HOMES

ANNUAL COMPLAINTS REPORT

NCH BOARD

3 JULY 2024

**REPORT OF THE EXECUTIVE ASSISTANT AND HEAD
OF NCH REGISTERED PROVIDER**

1. EXECUTIVE SUMMARY

- 1.1 This report provides insight into the complaints received from tenants and licensees of the NCH Group.

2. RECOMMENDATIONS

- 2.1 That the Board **note and comment** on the report.

3 REPORT

- 3.1 It is important that tenants and licensees of NCH have easy access to making complaints or comments about the services they receive.
- 3.2 Nottingham City Council (NCC) provide the complaints handling service under the NCC/NCH Service Contract.
- 3.3 Board members are provided with the numbers of complaints received each quarter within the Performance report, but not details of the reasons for dissatisfaction or the learning that has been made from tenant and licensee feedback.
- 3.4 The NCC annual report of complaints received from NCH Group tenants and licensees is in Appendix 1.
- 3.5 Complaint numbers are low and most dissatisfaction is in relation to delays and the repairs service. This is in line with complaints from Council tenants about the service they receive.
- 3.6 NCH officers are reviewing the NCC responses to the Housing Quality Network Regulatory Compliance toolkit as described in the Regulatory Update report to follow. Action plans to address compliance issues will be completed and monitored.

4 FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications stemming from this report.

5 LEGAL IMPLICATIONS

- 5.1 The Regulator of Social Housing requires all providers to seek tenant's views and provide opportunities to complain about services they are dissatisfied with. The Group must ensure that any learning outcomes are implemented to mitigate against further involvement from the Regulator or the Ombudsman.

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES

- 6.1 Effective monitoring of tenant satisfaction and learning from it is critical to ensure the delivery of homes and places where people want to live.

7 EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 Has the equality impact of these proposals been assessed?

☐ Yes (EIA attached)

☒ No (this report does not contain proposals which require an EIA)

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

- 8.1 Appendix 1 – Complaints Annual Report, 2023/24.

Contact officers

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Date

20 June 2024

NOTTINGHAM CITY HOMES GROUP

COMPLAINTS ANNUAL REPORT 2023/24
JACQUIE BEACROFT, CUSTOMER EXPERIENCE AND INSIGHT MANAGER

SUMMARY

This report is intended to provide insight into the issues affecting tenants in NCH Group properties and the handling of their complaints for the period April 2023 until March 2024.

The report provides an overall summary of complaint volumes, performance against targets for response, outcomes of complaints, root causes driving complaints and learning. These are set alongside previous years for comparison.

Statistically, due to the low numbers involved, it is not possible to derive a sound evidence base to depict any meaningful trends and insight from the data and volumes involved.

However, it's important to note that the report provides a positive review. Overall, this year has seen improvements when compared to previous in terms of a reduction in the number of customers feeling dissatisfied and making a formal complaint for investigation. This trend is more significant in consideration of the overall increase in complaint volumes in Council owned homes.

SECTION 1 – COMPLAINT VOLUMES

Table 1 below shows Stage 1 complaint volumes by property category over the last 3 years for all NCH Group Properties

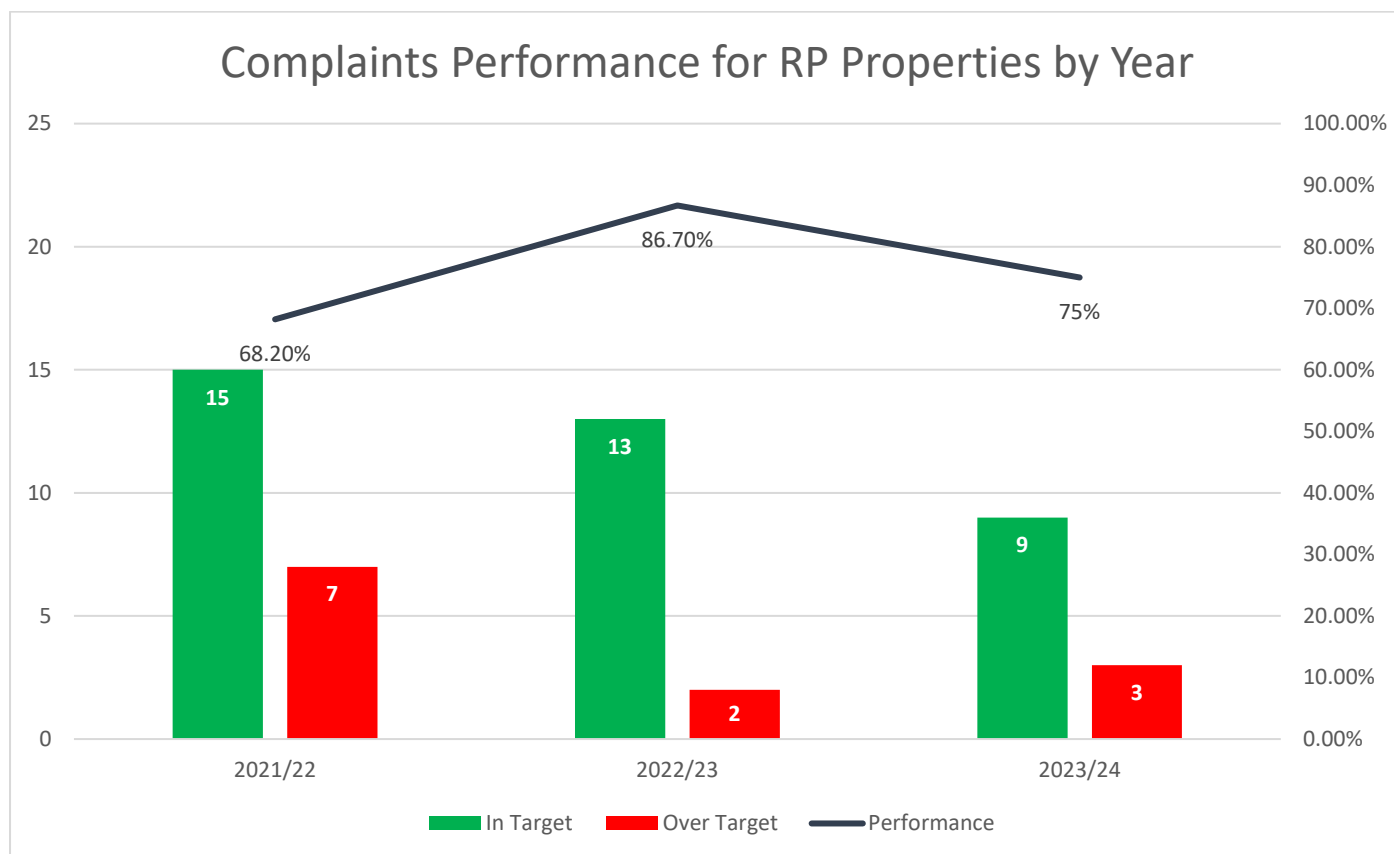
Table 1	2021/22	2022/23	2023/24
NCH RP Social and Affordable Rent	0	3	1
NCH RP Temporary Accommodation	14	7	2
NCH Social Rent Homes	8	5	9
TOTAL	22	15	12

While overall volumes have dropped from 2022/23, the volume for Social Rent Homes has increased but not by a significant amount. Analysis of these complaints show that 8 of the 9 complaints for Social Rent Homes relate to repair issues and this increase is in line with the general levels of complaints across the wider business in relation to repair performance.

None of the above figures for this year's report suggest any major areas of concern, with volumes remaining low.

SECTION 2 - COMPLAINTS RESPONSE PERFORMANCE

Chart 1 below shows Stage 1 complaint volumes responded to, in and out of target, and overall performance for the previous 3 years for NCH Group properties. The blue Performance line indicates the percentage of complaints answered in target (10 working days) for each year.



While performance has dropped a little from 2022/23, it is important to note that the overall low volume means that 25% of complaints answered out of target equates to just 3 complaint responses. Analysis of these three indicate the matters were of a complex nature, necessitating additional time to ensure full resolution to a satisfactory level.

Performance management for all Complaint Handling to ensure compliance with the Housing Ombudsman Complaint Handling Code remains a key objective for the business. Continuous improvements are in place to attempt to push us towards 100% in the future.

SECTION 3 – COMPLAINT OUTCOMES

Table 2 below shows the justification of all complaints from NCC Properties for the past 3 years. 'Upheld' means fault is found on behalf of NCH. 'Partially Upheld' means matters that are not specific faults but could have been handled more effectively to achieve a better outcome. 'Not Upheld' means issues where no fault has been found on behalf of NCH.

Table 2	2021/22	2022/23	2023/24
Upheld	10 45%	7 47%	10 83.4%
Partially Upheld	9 41%	3 20%	2 16.6%
Not Upheld	3 14%	5 33%	0 0%

While the absence of any 'Not Upheld' complaints is a significant change compared to the wider business, it is important to note that from such a small pool of data it may not be accurate to draw any firm conclusions on trends. Although comparison to 2024/25 will indicate whether this is a trend, for now it is important to note that all complaints for RP properties within this reporting period were either partially or fully indicative of a fault on behalf of the business. The section below goes further into the causes.

SECTION 4 – COMPLAINT REASONS

Table 3 below shows the reason drawn by the investigating officer handling the complaint at the end of the complaint process. The main cause for the complaint being logged is listed in the table and shows the pattern the previous 3 years. Complaints are categorised into one of the 5 main headings, to give an overarching picture of the complaint causes, while the sub-categories are used to narrow down issues into actionable conclusions.

Table 3	Complaint Reason	2021/22	2022/23	2023/24
Delay	Caused by Customer	2	2	0
	Caused by Process	4	2	5
	Caused by Staff	6	3	0
	Caused by Sub-contractor	3	2	0
Staff	Accidental Damage	0	0	1
	Administrative Error	0	0	0
	Behaviour (Conduct)	2	1	0
	Communication	2	4	1
Service	Missed Appointment	1	0	0
	Recurring unresolved issue	0	2	1
	Work not completed	1	0	3
Quality	Quality of individual's work	1	0	0
	Dissatisfied with service standards	0	0	1
Policy	Dissatisfied with policy decision	0	0	0

Top Cause

Second Cause

With 14 possible complaint reasons against such a small volume of complaints (12), it is difficult to provide conclusive analysis of key causes. However, with 41.6% relating to delays, it is apparent this is a primary driver of dissatisfaction with NCH customers.

When considered alongside the secondary reason, 'Work not completed' as well as analysis of the business areas they relate to, it becomes apparent that the overall driving factor behind these complaints is with the repairs service being offered. With 11 out of 12 complaints relating to repair issues, it is clear that this is where NCC Housing Services had not met the desired standards. This outcome is in keeping with the complaints business-wide for 2023/24.

Work to improve the speed, efficiency and quality of our repairs service remains in progress and any improvements will apply to NCH properties equally, hopefully resulting in a reduction of complaints in the next reporting period.

SECTION 5 - ESCALATIONS

Stage 2 Complaints

If unhappy with the outcome of a Stage 1 Investigation, customers have the right to escalate to a Stage 2 Review, which is overseen by Directors. During 2023/24 no complaints for RP properties were escalated to Stage 2.

Housing Ombudsman

One NCH RP complaint was escalated to the Housing Ombudsman in relation to damp and mould in temporary accommodation. The ombudsman found NCH RP liable, as the landlord, but acknowledged it was a failure of the property owner (corporate leasing) to deal with the damp and mould in accordance with their policy. Beyond being liable by landlord status, the ombudsman did not find for the complainant on any other matter she raised. £500 compensation was awarded and this is being sought from the property owner.

SECTION 6 – LEARNING AND IMPROVEMENTS

Process improvements have been implemented this year to link learning outcomes from complaints and trends. These will contribute to better services, improving customer satisfaction levels and reduced instances of complaints. These improvements and learnings include:

- Integrated systems to record and retrieve information more effectively and provide contemporaneous details
- Dedicated Resolution Officer for complaints in Property Services
- Implementation of a weekly complaint clinic within Property Services to discuss and resolve complaints and identify key learnings or trends
- Directors taking the lead role in serious case reviews from Housing Ombudsman determinations. This has included reviews of policies and service delivery around areas including:
 - Tenant Vulnerability
 - Record keeping
 - Contactability
 - Service offer around communal areas
 - Void system planning
- Complaints now form part of monthly check-ins with colleagues
- Training around empathy, customer care and effective letter writing
- Training on Housing Ombudsman Spotlight reports and themes
- Complaint handling training through e learning

Jacque Beacroft
Customer Experience and Insight Manager
Nottingham City Council Housing Services
12 June 2024

NOTTINGHAM CITY HOMES

NCH GROUP BOARD

REPORT OF THE HEAD OF GOVERNANCE AND COMPLIANCE

3 JULY 2024

CORPORATE RISK REGISTER

1 EXECUTIVE SUMMARY

- 1.1 The Board requested that the Corporate Risk Register (CRR) attached at Appendix 1 is considered at every other meeting. The Audit Risk and Compliance Committee (ARCC) reviewed it at its meeting on 17 June and has agreed some changes which Board is asked to consider. There are positive updates on the risks surrounding the business planning process, finance and liquidity, the NCC Service Contract and Property compliance and health and safety. Additional Financial risks linked to the HRA debt repayment, and the impact of the Brixx financial modelling have been identified as well as a potential risk on the people resource supporting the Group. An additional Governance risk has also been identified around Boards' compliance with the Companies Act 2006.

2 RECOMMENDATIONS

It is recommended that the Board **NOTES and CONFIRMS** the updates to the CRR agreed by ARCC as set out below:

- Include a risk on Board compliance with the Companies Act as set out in 3.2
- Reduce the Current Risk levels on GOV1 and GOV6 as set out in 3.3
- Add three further risks to the Finance part of the CRR as set out in 3.4
- Increase the Current Regulatory risk at REG1 from medium to high as set out in 3.5
- Add an additional risk to the People part of the CRR as set out in 3.6

3 REPORT

- 3.1 The Board asked for the risk register to be considered at every other Board Meeting. ARCC met on 17 June and agreed several changes to the register as detailed below. Board has the opportunity to comment on these before they are incorporated into the register
- 3.2 Concerning **Governance Risks**, ARCC considered the discussion at the NCH RP Board meeting on 14 May that there was a risk of it not being able to meet all of its obligations under the Companies Act 2006. This applies specifically to s171 of the Act which requires Directors to act within their powers to a) act in accordance with the Companies constitution: and b) only exercise powers for the purposes for which they were conferred. The RP Board was concerned that the requirements of the revised Business Plan may conflict with the expectations placed on it by NCC e.g. to retain its Temporary Accommodation. Since that meeting NCC has provided support to the Business Plan proposals but ARCC considered that there is an emerging risks which should be added to the register as follows
- There is a potential conflict between the obligations of the board under the Companies Act 2006; the decisions made (and the timescale in which they are reached) by NCC

to support a robust business plan as a going concern; and the needs of NCC in relation to temporary accommodation provided by NCH Group.

3.3 Concerning risk **GOV1**, the Business Plan has now been positively received by NCC's CGEC and it has been agreed to set up a Task and Finish Group to explore property cohorts and agree a direction of travel with the Board. ARCC therefore considered that the Current Risk should be moved from High to Medium. Other Governance risks have been updated to reflect the appointment of a new Shareholder representative, commencement of the Data Integrity Audit and appointment of external advice in mitigating **GOV4** (information provided to Board) and the need for NCH RP to appoint new Board Members to mitigate risk **GOV5** on compliance. Concerning Service Contract management at **GOV6**, the appointment of a new Chief Operating Officer has been included in the mitigations. ARCC noted that there is now a Service Contract in place and this year's document is just awaiting NCC approval. While performance issues remain the governance of the contract is in a stronger position. It was therefore agreed to reduce risk **GOV6** from High to Medium.

3.4 ARCC also agreed three new **Finance** risks linked to the HRA repayment and the impact of the Brixx software modelling on the Business Plan. These are set out below

FIN7. Re-calculation of the HRA surplus repayment could increase the HRA Surplus debt increasing

FIN8. HRA Surplus Repayment increases significantly as a result of ongoing factors such as interest rates

FIN9. Brixx 30-year modelling plan determines that the residual group is not a viable going concern or does not generate sufficient cash to operate.

Currently, no controls are in place for **FIN7** and this is currently being worked on. Concerning **FIN8**, discussions with NCC Finance have identified a figure of c.£1m for profit allocation in 2022/23. In addition, the NCH balance sheet is being fully reconciled to identify the remaining provisions carried pre-transfer back into NCC. The HRA budget set by NCC has only accounted for interest in the year 2022/23, so no interest should be chargeable in subsequent years (unless the NCC premise changes). With regard to risk **FIN9**, the Brixx. software modelling has identified that the NCH Group is not financially viable after the next two years. NCC has approved the new Business Plan that reflects the need to close the Company and dispose of the remaining assets before it becomes insolvent. A Task and Finish Group is being set up to deliver this.

3.5 ARCC also noted a heightened risk around **Legal and Regulatory Compliance**. Work is ongoing to evaluate the position of risk **REG1**, and to determine whether NCH can demonstrate compliance with its regulatory requirements. Much of this compliance is dependent on NCC services being compliant as they provide the majority of NCH services. This is being evaluated against the HQN self-assessment toolkit. This evaluation is currently suggesting that services are only 15% fully compliant at best, and work such as a full stock condition survey needs to be undertaken to get compliance closer to 100% (see separate report to the Board). The Current Risk here is considered to be high and ARCC has agreed to increase It accordingly.

3.6 A **People** risk not currently included in the register is the ongoing uncertainty around the staffing support for the Group. There is currently only one direct NCH appointment, the Chief

Operating Officer. The other 6 people providing support are employed by NCC and recharged back to at varying rates but there is no obvious replacements for these individuals should someone e.g. need sick leave or resign. They are all potentially single points of failure, and it is suggested **that this risk should be included in the CRR and addressed with NCC.**

The key current risks with the highest scores are set out below (prior to any proposals in the report being agreed).

		Gross Risk Score	Current Risk Score	Target Risk Score/ Appetite
GOV1	Board is able to set strategic direction for the organisation and manage the risks associated with this.	12	9	3
GOV6	There is a Service Agreement in place detailing the staffing and management arrangements between NCH and NCC	12	12	1
FIN1	There is a clear financial plan which demonstrates viability and sustainability, with consideration to risks which may impact financial performance	12	9	4
FIN5	Ongoing liquidity concerns around the residual NCH Group and the ability to remain cash solvent	12	12	4
PROP1	Maintain 100% compliance with regulatory HS requirements for the big six areas of compliance	9	9	3
PROP2	Meet the legal requirements for Building Safety that become legislation in 2023	6	9	3
PROP3	Maintain 100% compliance with the Decent Homes Standard and any amendments	6	9	4
PEOP3	HSE investigation of historic management of Hand Arm Vibration Syndrome in the workplace could lead to a significant fine	12	12	1

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 FINANCIAL IMPLICATIONS

- 4.1.1 Any financial implications in relation to the Risk Register are outlined in the report. The financial impact of key risks on the NCH budget are reported quarterly to Board.

4.2 LEGAL IMPLICATIONS

- 4.2.1 Risk Management Frameworks and Registers are not legally required except for specific types of assessment (e.g. those relating to health and safety, fire and environmental risks), however they are required by the regulators in a number of sectors, including registered social landlords, (RSH Governance and Finance Viability Standard), and are recognised good practice elsewhere. Legal requirements relating to registered providers are addressed in the separate Registered Provider Risk Register.
- 4.2.2 All NCH Company Boards supported by ARCC are responsible for understanding, identifying and managing all risks faced by their company, through assessing risk prior to making all key decisions. This should ensure that each Company is able to meet its objectives in the longer term

- 4.2.3 Concerning the new HAVS risk, NCH Ltd will be liable for the health and safety of its employees for the period it remained an employer. Any claims for personal injury brought by former employees will be covered by insurance however any fines relating to any prosecution will not. A tool allowance was paid to employees to use their own tools as part of their remuneration package. This does not mitigate the requirement on the responsible officers to issue suitable instructions for use, manage that use and ensure relevant Occupational Health checks are routinely conducted.

4.3 RISK IMPLICATIONS

- 4.3.1 Risk implications across the NCH Group are included in the register. There is the potential for NCH to be fined by the HSE if it finds an offence has been committed through its management of HAVS.

5 **IMPLICATIONS FOR NCH RP's OBJECTIVES**

- 5.1 The Group Risk Register supports all of the Company's objectives by ensuring there is effective management of NCH's services and activities.

6 **EQUALITY AND DIVERSITY IMPLICATIONS**

- 6.1 Has the equality impact of these proposals been assessed?
☒ No (this report does not contain proposals which require an EIA)

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

- 7.1 Appendix 1 – Corporate Risk Register

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Date: 19 June 2024

NOTTINGHAM CITY HOMES GROUP RISK REGISTER

Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Gross Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Current Risk Rating	Further Action Required	Target Risk/Risk Appetite
-----	<i>This column details the risks within each risk category.</i>	<i>Person responsible for managing controls and further actions (may be more than one person)</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor</i>	<i>This column defines the acceptable level of risk., as defined by our risk appetite</i>
01	Board is able to set strategic direction for the organisation and manage the risks associated with this.	Chief Operating Officer	4	3	12	HIGH	a Business development professional support is available b.Skilled and experienced ARCC able to provide challenge and assurance re: Risk Management c. 7 key NCH objectives set out by NCC and incorporated into Company business. d. NCH EL has set out a plan to dispose of its properties e. draft Business Plan agreed by Board and submitted to NCC for approval	3	3	9	HIGH	a. Completion of NCH EL and RP Business Plans and future Service Contract management arrangements. b. Completed Asset Disposal Strategy for NCH EL c. Longer term Group options to be agreed between NCC and NCH.	LOW
02	There is a highly skilled, diverse and well trained Board able to lead NCH	Head of Governance and Compliance	4	3	12	HIGH	a. Board constitution allows for a diverse appointment of people. b. There are appraisal, induction and training programme in place c. Recruitment is undertaken competitively d. Board Renewal Strategy approved and being implemented e. NCH EL Board is now replaced with Independent appointees f. A Board Remuneration Strategy has been agreed and is being implemented. g. New Board appointments including one covering asset disposal, have been made	3	2	6	MEDIUM	a. Outcomes from an annual assessment of Board effectiveness are being put in place b. A Board training programme needs to be completed.	LOW
03	There is a strong relationship with key stakeholders	Head of Governance & Compliance	3	4	12	HIGH	a. Board is regularly updated on NCC funding and direction of travel in reports. b. Board is regularly updated on work of other Committees and Boards c. Legal advice obtained re: relationship with NCC/CIPFA review d. Successful transition and TUPE to NCC. e. An EIA for the Asset Disposal Strategy has been completed. f. A new NCC stakeholder representative has been appointed - May 2024	1	3	3	LOW		LOW
04	Information provided to Board is accurate, sufficiently robust so that Board is able to make an informed decision	Head of Governance & Compliance	3	4	12	HIGH	a. Committee cycle process is currently in place including b. Expert legal/finance/OD risk/ categories are populated in each report c. Skills matrices are in place to monitor Board Members specialism/expertise d. Expert advice e.g. legal is commissioned as required e.g. legal, DTP	2	2	4	LOW	1. Data Integrity audit to be completed	LOW
05	We are compliant with the NHF Code of Governance and Industry best practice	Head of Governance & Compliance	3	3	9	HIGH	a. Current Governance Action Plan has been produced and work completed b. Risk management review complete and embedded c. NEDs now appointed to NCH EL Board.	1	3	3	LOW	a. Consider a re-evaluation against the Code b. NCH RP needs to appoint further Board Members Priority for NCH EL will be to vacate properties which may come at expense of compliance with the Code - hence target risks remains medium	MEDIUM

02	FINANCIAL RISK	Financial risks are clearly identified and managed with strong financial controls to ensure financial viability									Risk Owner:	Andrew Berry Date of last review: May 2024	
Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Gross Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Current Risk Rating	Further Action Required	Target Risk/Risk Appetite
-----	<i>This column details the risks within each risk category.</i>	<i>Person responsible for managing controls and further actions (may be more than one person)</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor</i>	<i>This column defines the acceptable level of risk., as defined by our risk appetite</i>
01	There is a clear financial plan which demonstrates viability and sustainability, with consideration to risks which may impact financial performance, Linked to FIN06	AD Finance	4	3	12	HIGH	a. Annual budget produced and monitored b. Regular re-forecasting of financial performance at Board meetings c. Independently generated cashflow model now adopted monthly to enable informed cashflow decision-making.	3	3	9	HIGH	a. Complete revised Business Plan including financial implications for the residual group b. Service Agreement with NCC to be correctly recharged by NCC c. Agree and implement Asset Disposal Strategy d. A 30 year Brixx model is being developed to inform the options appraisal decision making process SEE 09	LOW
02	There are strong financial controls in place to ensure income and expenditure is appropriately accounted for, statutory reporting requirements are met and risks are minimised	AD Finance	4	3	12	HIGH	a. Annual budget produced and monitored b. Regular re-forecasting of financial performance at Board meetings c. Medium term cashflow agreement reached with NCC officers. d. SO's, Financial regulations and procurement procedures in place and operating	2	2	4	LOW		LOW
03	There are mechanisms in place to monitor and assess the new Asset Disposal Strategy, leaving a robust and solvent Residual NCH Group	AD Finance / Head of Commercial Property & Contract Management	3	3	9	HIGH	a. Board has regular oversight of performance including monthly reports. b. NCH EL Board has agreed process for disposal c. Board Member appointed with Asset Disposal skills and experience	3	2	6	MEDIUM	a. Joint working group between NCH Management and NCC Officers developing the asset disposal agreement. This will include determining the best mode of disposal for the assets involved, ensuring the legal aspects of any transfers are correctly undertaken, maximizing the HRA repayment and negating any impact on the temporary accommodation capacity delivered through NCH.	LOW
04	Board & Management have clear financial oversight of the Group's financial performance and involvement in the planning process	AD Finance	3	3	9	HIGH	a. Regular financial reporting to NCH Board b. Annual budget produced and monitored c. Regular re-forecasting of financial performance d. Appointment of a COO in February 2024	2	3	6	MEDIUM	a. Internal monitoring and management structure needs to be confirmed including appointing Mazars as internal auditors b. External factors incl interest rates and Government Policy need to be clear in modelling	LOW
05	Ongoing liquidity concerns around the residual NCH group and the ability to remain cash solvent.	AD Finance	4	4	16	HIGH	a. Existing Healthy cash balance b. Engagement of Mazars to undertake I & E review and deliver a cashflow projection over the next twelve months c. Letter from NCC deferring debt repayment	3	3	9	HIGH	a. Apply the cashflow delta to the Mazars cashflow to ensure the asset disposal project remains cash positive b. Introduce stringent cashflow controls on payments and receipts with a hierarchy of approval and sign off c. Ensure expense budgets are properly understood and adhered to and PO commitments are controlled within these limits by budget owners	LOW

03	Legal and regulatory compliance	NCH complies with all relevant statutory and regulatory requirements									Risk Owner: tbc	Date of last review: May 2024	
Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Gross Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Current Risk Rating	Further Action Required	Target Risk/Risk Appetite
-----	<i>This column details the risks within each risk category.</i>	<i>Person responsible for managing controls and further actions (may be more than one person)</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor</i>	<i>This column defines the acceptable level of risk., as defined by our risk appetite</i>
01	Board is aware of all of its regulatory and legal obligations and can demonstrate compliance with them	Head of Governance and Compliance	3	4	12	HIGH	a. All reports carry advice on related legal and regulatory requirements. b. A solicitor and legal advisory framework is available c. New Board Membership complies with NHF Code 2020. d. Regulatory framework being reviewed using HQN toolkit. e. Standing Orders updated November 2023	2	3	6	MEDIUM	a. Understanding of future staffing arrangements to monitor this via a Service Contract b. Evaluation of current compliance to be completed using HQN framework.	LOW
02	Robust data management which enables company to meet obligations from RoSH & under GDPR/ICO and cyber security	Head of Governance and Compliance	4	3	12	HIGH	a. Service Contract with NCC - though this needs management arrangements put in place including service standards and cost information.	2	2	4	LOW	a. Better performance management through Service Contract arrangements with NCC b. Completion of Data Integrity audit and implimentation of outcomes	LOW
03	Changes in Government Policy impact on operating environment and business model	Chief Operating Officer	3	4	12	HIGH	a. Changes to Government policy and their impact are regularly reported to the Board b. Regular updates on legislative and policy changes are provided to all NCH NEDs	2	3	6	MEDIUM	a. Understanding of arrangements via Service Contract arrangements with NCC	LOW

04	PROPERTY	All properties comply with the decent home standard, are safe and are regularly repaired and maintained									Risk Owner:	Mark Lawson/Tim Shirley Date of last review: May 2024	
Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Gross Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Current Risk Rating	Further Action Required	Target Risk/Risk Appetite
-----	This column details the risks within each risk category.	Person responsible for managing controls and further actions (may be more than one person)	On scale of 1-4	On scale of 1-4	Likelihood x Impact	From NCH Group Risk Framework page 11	This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.	On scale of 1-4	On scale of 1-4	Likelihood x Impact	From NCH Group Risk Framework page 11	This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor	This column defines the acceptable level of risk., as defined by our risk appetite
01	Maintain 100% compliance with regulatory H&S requirements for the main six areas of compliance (Asbestos, Gas, Fire, Water, Electric, Lifts).	Head of Commercial Property/Executive Assistant	3	3	9	HIGH	a. There is a compliance control regime in place including quarterly reports and ARCC oversight b. Gas, EICR's, water hygiene, lifts, FRA & Asbestos testing regime is in place va NCC c. There is a competent fire safety professional to undertake risk assessments d. Audits are undertaken by NCC e. Monitoring progress through the NCH/ NCC Service Contract review meetings.	3	3	9	HIGH	a. Strong performance management under Service Contract b. More detailed monitoring of progress against significant findings in Fire Risk Assessments, including formal notice to NCC of failure to address requirements. c. Performance in tackling damp and mould to being added to compliance reporting.	LOW
02	Meet the legal requirements for Building Safety that will become legislation in 2023.	Head of Commercial Property an	2	3	6	MEDIUM	a. Monitoring progress through the NCH/ NCC Service Contract review meetings. b. Monitoring progress and compliance through ARCC and Board Performance papers.	3	3	9	HIGH	a. strong performance management under Service Contract b	LOW
03	Maintain 100% compliance with the Decent Homes Standard and any associated amendments.	Head of Commercial Property an	2	3	6	MEDIUM	a. Monitoring progress through the NCH/ NCC Service Contract review meetings. b. Monitoring progress and compliance through ARCC and Board Performance papers	3	3	9	HIGH	a. Improve performance through Service Contract with NCC. b. Complete Stock Condition Survey	LOW

05	PEOPLE	The wellbeing of residents, contractors and employees is embedded in everything we do.									Risk Owner:	tbc Date of last review: May 2024	
Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Gross Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Current Risk Rating	Further Action Required	Target Risk/Risk Appetite
-----	<i>This column details the risks within each risk category.</i>	<i>Person responsible for managing controls and further actions (may be more than one person)</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor</i>	<i>This column defines the acceptable level of risk., as defined by our risk appetite</i>
01	Health and safety for tenants/properties is effectively managed and monitored (see also RisKS PROP1,2,3))	Head of Commercial Property and Contract Management/Executive Assistant	3	4	12	HIGH	a. Risk assessment processes in place for contractor related activities b. CDM processes and manager in place and regularly applied c. Accident reporting and monitoring system in place with NCC H&S Committee d. Regular HS reporting to RP and EL Boards.	2	4	8	MEDIUM	a. Manage performance arrangements under Service Contract with NCC	LOW
02	Health safety and wellbeing of tenants and contractors is effectively managed and monitored	Head of Commercial Property and Contract Management/Executive Assistant	3	4	12	HIGH	a. Health and Safety matters reported to both Boards and ARCC b. EIA completed for asset disposal.	2	4	8	MEDIUM	a. Manage performance arrangements under Service Contract with NCC	LOW

06	SERVICES	Effective management and engagement with residents give confidence in our ability to delivr key services									Risk Owner:	Mark Lawson/Tim Shirley Date of last review: May 2024	
Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Gross Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Current Risk Rating	Further Action Required	Target Risk
-----	<i>This column details the risks within each risk category. These risks are peculiar to NCH RP Ltd.</i>	<i>Person responsible for managing controls and further actions (may be more than one person)</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor</i>	<i>This column defines the acceptable level of risk., as defined by our risk appetite</i>
01	The Tenants voice is effectively heard and acted upon in the decision making related to the management of their homes	Head of Commercial Property/Executive Assistant	4	3	12	High	a. Quarterly reports on tenant satisfaction to both RP and EL Boards and to ARCC b. Feedback sought from temporary accommodation licensees (RP) c. EIA completed on asset disposal. d. NCH complaints process integrated with NCCs e. NCH Customers can access NCC complaints system f. Tenant satisfaction measures are now monitored for property cohorts.	2	3	6	MEDIUM	a. Performance management of service contract	LOW
02	Finding of serious detriment by the Housing Ombudsman or significant complaints referred to the Housing Regulator	Head of Commercial Property/Executive Assistant	3	3	9	High	a. Quarterly reports on tenant satisfaction to both RP and EL Boards and to ARCC b. Service standards agreed in conjunction with NCC c. NCH Group/ NCC Service Contract written, approved by NCH Boards	1	3	3	LOW	a. Better performance management through Service Contract with NCC	LOW
03	Reputational damage caused by failure to deliver services to agreed standards	Head of Commercial Property/Executive Assistant	2	3	6	Moderate	a. Quarterly reports on tenant satisfaction to both RP and EL Boards and to ARCC b. NCH Group/ NCC Service Contract written, approved by NCH Boards and awaiting sign-off by NCC	1	3	3	LOW	a. Better performance management through service contract with NCC. b. Ongoing evaluation of EIA on Asset Disposal Strategy c. Ongoing management of eviction notices on NCH EL properties	MEDIUM
04	Tenants and other stakeholders appropriately challenge and hold NCH to account	Head of Commercial Property/Executive Assistant	3	3	9	High	a. Quarterly reports on tenant satisfaction to both RP and EL Boards and to ARCC b. Complaints process c. Exit surveys (RP) d. EIA complete on asset disposal	2	3	6	MEDIUM	a. Better performance management through Service Contract with NCC	LOW
05	Availability of resources to deliver customers' expectations with regard to service delivery	Head of Commercial Property/Executive Assistant	3	4	12	High	a. Quarterly reports on tenant satisfaction to both RP and EL Boards and to ARCC b. Staff support provided through contract with NCC c. NCH Group/ NCC Service Contract written, approved by NCH Boards d. EIA completed on Asset Disposal Strategy e. External resources provided where required e.g. legal.	2	4	8	MEDIUM	a. Better performance management through Service Contract with NCC	LOW

		Item 2.8			
		NOTTINGHAM CITY HOMES			
		NCH BOARD			
REPORT OF HEAD OF COMMERCIAL PROPERTY & CONTRACT MANAGEMENT		3 rd July 2024			
		NCH GROUP ASSET REGISTER UPDATE			
1	EXECUTIVE SUMMARY				
1.1	The report highlights the current position on the properties both Owned and Managed by the NCH Group.				
2	RECOMMENDATIONS				
2.1	The Board is asked to note and comment on the report.				
3	REPORT				
3.1	Current NCH Portfolio				
3.1.1	As part of the constant review of the portfolio owned by Nottingham City Homes the Management Team, hold an Asset Register that is updated quarterly through its normal management review process.				
3.1.2	As the portfolio is changing both through the sales that NCHEL are delivering, and the changes in numbers of Temporary Accommodation that is being provided by NCHRP it is considered important to provide Board with a current position at the end of June 2024.				
3.1.3	At the end of June 2024, the Total owned Group assets numbered 495 properties, split between the 3 entities. The table below gives the split of properties with Appendix 1, providing the interlinked lease detail between the 3 companies.				
3.1.4	Ownership	Assets	Total Number	Current Use	Ownership
	NCH	Social Rent	120	General needs	Freehold
	NCH	Dispersed Temp Accommodation	150	Temporary accommodation	Freehold.

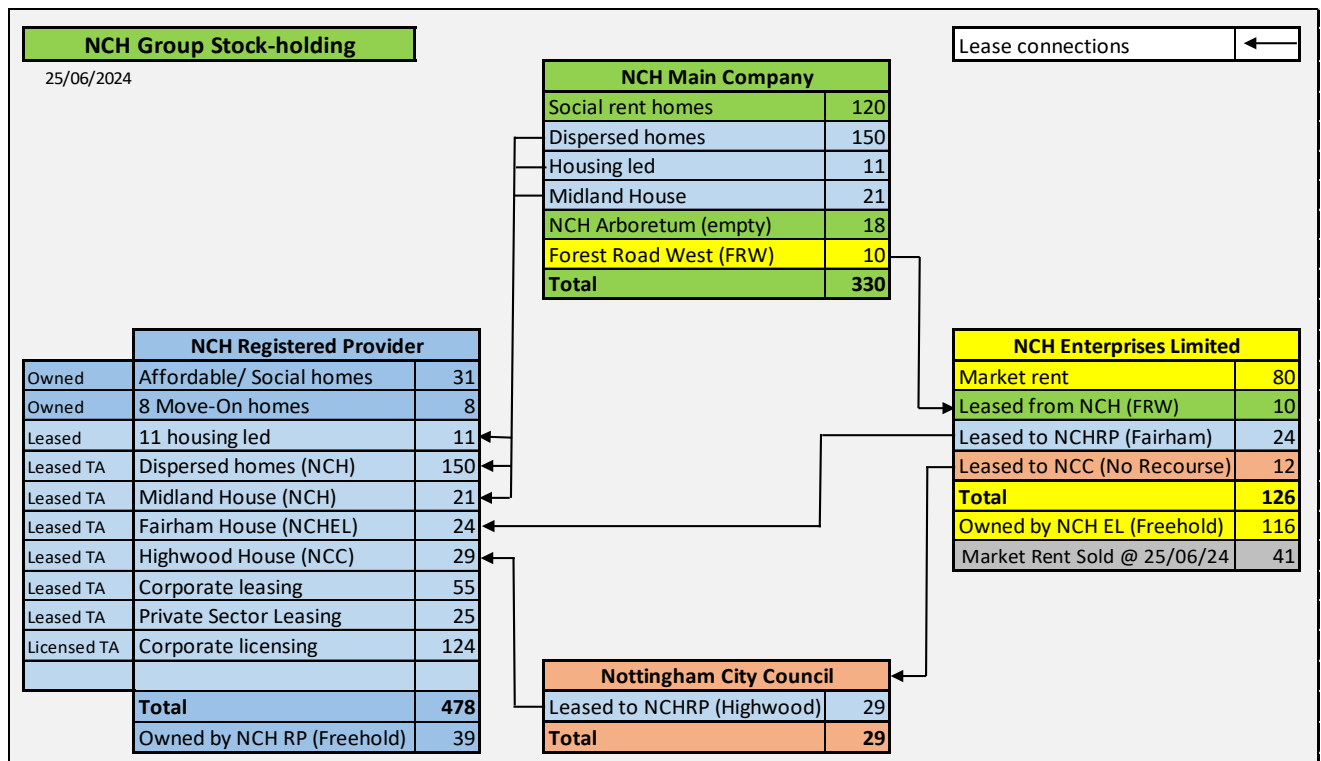
	NCH	Housing Led	11	NCH RP Supported Housing	Leasehold
	NCH	Midland House	21	Temporary Accommodation	Freehold
	NCH	Arboretum Including Coach House	28	Vacant/FOR SALE	Leasehold
	NCH	Forest Road West	10	Leased for Market Rent	Freehold
	NCH RP	Move on homes	8	Supported Housing	Freehold
	NCHRP	Affordable and Social rent	31	General needs	Freehold
	NCH EL MARKET RENT (as at 20/06/24)	Market Rent	46	Market rent	Freehold
	NCH EL leased to NCC Social Care	Market Rent	12	Leased to NCC Social Care	Freehold
	NCH EL Ryehill House	Market Rent	18	Market rent	Freehold
	NCH EL Masson House	Market Rent	16	Market rent	Freehold
	NCH EL Fairham House	NCH RP Temporary Accommodation	24	Temporary Accommodation	Freehold

	Totals	495																																									
3.1.5	In addition to the Group owned property assets, NCHRP also lease properties for Temporary accommodation from external providers. Currently these properties total 233.																																										
3.1.6	<table><tr><th colspan="4">NCHRP Temporary Accommodation Leased</th></tr><tr><th></th><th>Interests</th><th>Self-contained units</th><th>Current Use</th></tr><tr><td>Externally sourced</td><td>PRS Leasing Scheme</td><td>25</td><td>Temporary Accommodation</td></tr><tr><td>Externally sourced</td><td>Corporate Leasing</td><td>55</td><td>Temporary Accommodation</td></tr><tr><td>Externally sourced</td><td>Corporate Licensing</td><td>124</td><td>Temporary Accommodation</td></tr><tr><td></td><td></td><td>204</td><td></td></tr><tr><td>NCC Owned</td><td>Highwood House</td><td>29</td><td>Temporary Accommodation</td></tr><tr><td>NCC Owned</td><td>Dispersed Home</td><td>0</td><td>Temporary Accommodation</td></tr><tr><td></td><td></td><td>29</td><td></td></tr><tr><td></td><td></td><td>233</td><td></td></tr></table>			NCHRP Temporary Accommodation Leased					Interests	Self-contained units	Current Use	Externally sourced	PRS Leasing Scheme	25	Temporary Accommodation	Externally sourced	Corporate Leasing	55	Temporary Accommodation	Externally sourced	Corporate Licensing	124	Temporary Accommodation			204		NCC Owned	Highwood House	29	Temporary Accommodation	NCC Owned	Dispersed Home	0	Temporary Accommodation			29				233	
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3.1.7	During the current financial year, the main area of change in the total numbers owned by the Group will be through the sales of the NCHEL Market Rent portfolio, which will further reduce the portfolio by 92 units, leaving a decision to be made over the future of the 24 units at Fairham House.																																										
3.1.8	NCH will also be marketing the 28 units within Arboretum portfolio.																																										
3.1.9	Board will be updated on the changing position through the Board cycle going forward.																																										
4	FINANCIAL, LEGAL AND RISK IMPLICATIONS																																										
4.1	Financial Implications																																										
4.1.1	The financial implications of the disposal of the remaining NCHEL assets, which includes Fairham House, is incorporated into the NCHEL 24/25 budget																																										

	and three-year projected cashflow for the company and Group. These figures rely on several assumptions and estimates relating the timing of disposal, the cost of disposal and the sales values achieved. The NCHEL budgets and cashflows will need to be revisited throughout the year to ensure any changes to assumptions/estimates are reflected in the figures.
4.1.2	<p>The revised cashflow can be flexed to remove income and direct costs relating to various property cohorts, which can be used to give an insight into the financial implications and/or benefits of the disposal of assets beyond those owned by NCHEL Ltd.</p> <p>The cashflow projections also rely on a variety of estimates and assumptions that will need to be revisited regularly to ensure these capture the changing position for the Group.</p>
4.2	<u>Legal Implications</u>
4.2.1	All residential disposals are being deal with by external specialist providers based on advice of external independent estate agents.
4.2.2	The proposed task and finish group will also need to consider the remaining disposals so Bord can be advised on its approach.
4.2.3	NCHRP is obliged to provide 400 temporary accommodation units under a commissioned contract. NCHRP does not receive additional funding for proving additional units. A management decision has been reached to 'cap' the number of Temporary accommodation units to 430.
4.3	<u>Risk Implications</u>
4.3.1	Financial and compliance risks are detailed in the Company Risk Register report and are monitored quarterly by the Board.
5	IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES
5.1	None
6	EQUALITY AND DIVERSITY IMPLICATIONS
6.1	<p>Has the equality impact of these proposals been assessed?</p> <p><input type="checkbox"/> Yes (EIA attached)</p> <p><input checked="" type="checkbox"/> No (this report does not contain proposals which require an EIA)</p>
7	BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT
7.1	None
Contact officers:	
Name: Mona Sachdeva Tracy Martin Tim Shirley	

	Tel:
	E-mail: mona.sachdeva@nottinghamcity.gov.uk tracy.martin@nottinghamcity.gov.uk tim.shirley@nottinghamcity.gov.uk
Date: 21st June 2024	

Appendix 1



NOTTINGHAM CITY HOMES

HOUSING LED DISPOSALS

THE GROUP BOARD

3 JULY 2024

REPORT OF THE CHIEF OPERATING OFFICER

1. EXECUTIVE SUMMARY

- 1.1 This report seeks the approval of the Board to dispose of 10 Housing Led leasehold properties, currently sub-leased from NCH to NCH Registered Provider (NCH RP) as they become vacant. These properties are not financially viable for NCH RP due to a combination of high turnover, lengthy void and allocation delays, tenant damage and irrecoverable rent arrears and accordingly NCH RP wishes to surrender these properties back to NCH and eventually break the Lease once it has surrendered all 10.

2. RECOMMENDATIONS

- 2.1 **Note and comment** on the report.
- 2.2 **Approve**, subject to NCC Lender Consent, the disposal of 4 Housing Led properties that are currently void, subject to surrender by NCH RP Board.
- 2.3 **Approve**, subject to NCC Lender Consent, the disposal of further Housing Led properties as they are surrendered by the NCH RP Board.
- 2.4 **Approve** the variation of the lease between NCH RP and NCH (see draft Appendix 1) to allow for an early break in the lease where both parties agree and NCH has NCC lender consent to sell or otherwise dispose of assets.

3 REPORT

- 3.1 NCH and NCH RP agreed to assist NCC in the provision of homes for complex-needs homeless citizens through a Housing First model. This cohort is known as Housing Led.
- 3.2 To facilitate this project, NCH Limited purchased 11 ex-Council RTB leasehold flats on the open market using NCC borrowing for 10 of the properties. The other, 6 Helmsdale Gardens, was purchased with NCH reserves and was approved for disposal by NCH Board on 9 November 2023 with the NCH RP Board terminating the lease for the property on 14

November 2023. Sale completion is imminent and as it is not subject to any loans, does not require NCC consent to sell.

- 3.3 There has been mixed success with the Housing Led initiative. Some residents have managed to sustain their tenancies albeit with significant on-going support, where others have failed. In some instances, the tenancy failure has been adversely felt by other residents in the locality and financially by NCH RP.
- 3.4 NCH RP reports that of the remaining 10 properties.
- ❖ 4 are occupied, of which 2 tenancies have been in place since 2019, 1 since late 2023 and 1 since April 2024 (transferred from another Housing Led property)
 - ❖ 1 is in the process of being signed up, but had been void since September 2023
 - ❖ 1 is known to be abandoned and proceedings have commenced to end the tenancy
 - ❖ 4 are void;
 - 27 Woodgate Court, since 10 September 2023
 - 11 Walgrave Walk, since 15 January 2024
 - 12 Anderson Court, since 3 April 2024
 - 14 Woodgate Court, since 3 June 2024 (tenancy of 5 weeks only)
- 3.5 The NCH RP project has been blighted by lengthy delays in turning around voids and finding suitable new tenants, resulting in significant void rent loss. Further losses have been incurred through rent arrears, mostly due to non-occupation or not complying with benefit requirements. NCH RP has bad debts of £31,500 on Housing Led properties, most of which is irrecoverable former tenant arrears. Notwithstanding the above, NCHRP has remained liable for, and paid, the rent under the Lease but this is not sustainable longer term.
- 3.6 There have been 25 tenancy turnovers in Housing Led properties in the last 3 years and generally each one has required the reprovision of furniture, appliances, flooring and decoration. This extent of expense is not viable for NCH RP leading to the decision to surrender these properties back to NCH.
- 3.7 The NCC leads for homelessness strategy, rough-sleepers initiative and Housing Solutions have been consulted on the NCHRP proposal to dispose of the Housing Led service provision. At the point of writing, their views have not been received. Subject to NCH RP exiting the project these properties will become void and NCH RP proposes they be surrendered. Once void they could become available for sale by NCH, subject to Lender Consent from NCC.
- 3.8 When these properties were acquired, they were part of a loan agreement between NCH and NCC to purchase a larger group of properties to be used solely for temporary accommodation. In the event these 10 were severed from the group and used for this project instead, with NCC

consent. It should therefore be noted that NCC has, to date, not been forthcoming in providing Lender Consent to sell those assets which are to be used/ are in use for temporary accommodation. It may be that instead of disposal, NCC insist these assets are 're purposed' for mainstream temporary accommodation until the whole asset disposal strategy for NCH has been finalised. In this event NCH could propose to NCH RP a new lease for the 10 assets to be used as Temporary Accommodation. NCH should also note that there are unit limits (due to the NCC commissioned homelessness contract and staffing numbers) to the number of temporary accommodation assets NCH RP are able to manage at any given time.

4 FINANCIAL IMPLICATIONS

- 4.1 The 10 Housing Led properties are loss making for NCH RP due to high turnover, lengthy void and allocation delays, tenant damage/ wear and tear necessitating wholesale re-furnishing, some irrecoverable rent arrears and leasehold service charges. There seems no prospect that these properties will be viable in the future under the current arrangements.
- 4.2 NCC lender consent will be required for disposal by NCH. If this is not forthcoming then to avoid ongoing financial liability to NCH, NCH RP would need to be advised that NCH cannot break the lease until alternative provision for let/ licensing is secured.

5 LEGAL IMPLICATIONS

- 5.1 The Housing Led properties are let to NCH RP by NCH Limited under a 5 year lease dated 1 July 2022. Until each of the units specified in the Lease are surrendered the Lease should continue to exist to regulate the Inter Group leasing arrangement. Once the final property (effectively the 10th) has been surrendered then NCH could consider breaking the Lease but should only consider this if at that time, NCC consents to sale or disposal as NCH will remain liable for repayment of the loan agreement. If Lender Consent is not forthcoming to sell the assets, then NCH should not agree to the Lease being broken until an alternative solution is found.
- 5.2 The current Lease provides for a break in the Lease on each annual anniversary of the date of commencement (1 July), subject to two months' notice. Having regard to the uncertainty regarding the timings of voids and the exit strategy of the main Group it would be useful for this provision to be varied to provide for greater flexibility on timing. The suggestion, subject to the agreement of NCH RP is a break in the Lease on one months' notice following the surrender of the final property.
- 5.3 A copy of a marked up proposed variation is attached at Appendix 1 for Board approval. This will need the agreement of both parties.

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES

- 6.1 NCH RP has a responsibility under the Regulator of Social Housing's Governance and Financial Viability Standard, which states "*Registered providers shall manage their resources effectively to ensure their viability*

is maintained while ensuring that social housing assets are not put at undue risk”.

7 EQUALITY AND DIVERSITY IMPLICATIONS

7.1 Has the equality impact of these proposals been assessed?

☐ Yes (EIA attached)

☒ No (this report does not contain proposals which require an EIA)

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

8.1 Appendix 1.

Contact officers:

Name: Liz Cook

Chief Operating Officer

Address: Loxley House, Station Street, Nottingham
NG2 3NJ

E-mail: liz.cook@nottinghamcity.gov.uk

Date: 25 June 2024

2.9 APPENDIX 1

DRAFT AGREED VARIATION TO LEASE

—

NOTTINGHAM CITY HOMES LIMITED

-AND-

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED

LEASE

of

11 Residential Properties at different locations in the City of Nottingham

Initial rent: £55,630 per year

Term: 5 years

Use: Accommodation for homeless people

VARIED ON 3 July 2024

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1

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H M LAND REGISTRY
LAND REGISTRATION ACT 2002
LOCAL GOVERNMENT ACT 1972

THIS LEASE is made on 1 July 2022 and varied on 3 July 2024 BETWEEN Nottingham City Homes Limited (registered number: 05292636) of Loxley House, Station Street, Nottingham, NG2 3NJ (the **Landlord**) (1) and Nottingham City Homes Registered Provider Limited (registered number: 09810057) of Loxley House, Station Street, Nottingham, NG2 3NJ (the **Tenant**) (2)

The Demise

1. The Landlord grants and the Tenant takes a Lease of the Property for the Term at the rent and on the covenants and conditions set out in this document.

The Main Details

2. Throughout this Lease:
 - 2.1. "Additional Rent" means any sums described in this Lease under clauses 3.2, 3.3, 3.4 and 3.5 as payable as Additional Rent;
 - 2.2. "the Exterior" includes: floor and ceiling joists; Service Equipment not exclusively serving the Property; roofs, main walls, foundations and other main structural elements of the Property;
 - 2.3. "the Interior" includes: floorboards and floor coverings; wall plaster and wall coverings; ceilings; all Inside and Outside windows, doors, roller shutters, hatches, roof- and sky-lights (with their gear, glass and frames); Service Equipment exclusively serving the Property; and is deemed to include external sunblinds, gates, aerials, and rainwater goods;
 - 2.4. the "Insurance Rent" means the total amount paid each year by the Landlord in providing and maintaining property insurance for the Property;
 - 2.5. the expressions "the Landlord" and "the Tenant" mean the persons so called above and includes (where appropriate) their successors in title and assigns, whether singular or plural, masculine or feminine. Where an expression includes two or more people their obligations are joint and several;
 - 2.6. "the Property" means the property so described in Schedule 1 and Schedule 2;
 - 2.7. "the Rent" means the sum of £55,630 (pro rata as applicable) from and including the commencement date until 1 April 2023 and thereafter, subject to the provisions for Rent Review set out in the Rent Review Schedule and (where the context so requires) any sums described as "Additional Rent" in this Lease;
 - 2.8. "Service Equipment" includes: any apparatus, fittings or equipment Inside or Outside the Property now or during the Term connected with the supply or metering of sanitary, heating, ventilation, air-conditioning, plumbing, gas, electrical, drainage, fire alarm and prevention, telephone,

- data or other services to the Property (excluding any belonging to a statutory service provider);
- 2.9. "the Surveyor" means the Landlord's Director of Corporate Resources (or any other officer of the Landlord who takes over their responsibilities during the Term);
- 2.10. "the Term" means the term of this Lease, which commences on and including 1 July 2022 and expires on and including 30 June 2027;
- 2.11. headings in bold type are for assistance only and do not form part of this Lease for construction purposes;
- 2.12. reference to Statutes, Acts, orders, directions and regulations includes (where appropriate) reference to their amendments and replacements.

The Tenant's Obligations

3. The Tenant COVENANTS with the Landlord that the Tenant will:

Rent

- 3.1. pay the Rent by equal quarterly payments in arrears by Bankers Standing Order by Direct Debit on 1 April, 1 July, 1 October and 31 December each year (whether or not the Landlord makes a formal demand);

Other Payments

- 3.2. pay, as Additional Rent, due 21 days after a written demand is sent by the Landlord:
- 3.2.1. the service charges set out in clause 5.6; and
- 3.2.2. any amounts incurred by the Landlord in remedying any breach of the Tenant's covenants;
- 3.3. pay, as Additional Rent, interest on unpaid rent (or tendered rent which the Landlord has refused because of an unremedied breach of covenant) for any period during which it is overdue at a rate of 5% per year;
- 3.4. pay all rates and any other charges arising from the Tenant's use or occupation of the Property and any Value Added Tax arising on payments due to the Landlord;
- 3.5. pay the Insurance Rent;

Alienation

- 3.6. not assign the whole or any part of the Property;

Subletting

- 3.7. not sublet nor part with possession of all or part of the Property except by way of granting of temporary overnight accommodation licences in the form annexed at Appendix 1;

User

- 3.8. use the Property only for residential use in providing emergency temporary short-term accommodation for homeless people by way of granting licences to individuals (and not to any corporate entity) in accordance with clause 3.7;

Prohibitions

- 3.9. not permit any of the following on the Property without the Surveyor's written consent:
 - 3.9.1. display of advertisements or other placards Outside (or on the Inside of the windows of) the Property;
 - 3.9.2. accumulation of rubbish;
 - 3.9.3. auction sales;
 - 3.9.4. retail sales;
 - 3.9.5. storage of unduly inflammable, explosive, toxic, radioactive or other dangerous materials;
 - 3.9.6. anything which may result in or lead to the Property becoming contaminated (within the meaning of the Environmental Protection Act) or polluted;
 - 3.9.7. any alterations, additions or damage to the structure of the Property;
 - 3.9.8. betting, gaming or the sale or supply of intoxicating liquor;
 - 3.9.9. anything which might be or become a nuisance, annoyance or danger to neighbouring property or its owners or occupiers;

Licences

- 3.10. procure and comply with all licences, consents and permissions necessary for the Tenant's use and occupation of the Property;

Statutory Obligations

- 3.11. comply with all Statutes, regulations or directions affecting the Property or their use made by a competent authority including (as illustrations but not as a limitation):
 - 3.11.1. regulations and orders made under the Town and Country Planning Acts;
 - 3.11.2. the provisions of the Offices, Shops and Railway Premises Acts, the Factories Acts and the Disabilities Discrimination Act;
 - 3.11.3. the Control of Asbestos at Work Regulations;
 - 3.11.4. the provisions of the Health and Safety at Work Act;
 - 3.11.5. any order under the Clean Air Acts;
 - 3.11.6. requirements made by the Police, the Local Fire Authority and the local Environmental Health Authority;

Encroachments

- 3.12. not acquire nor seek to acquire any easements, rights or privileges over or against the Landlord's adjoining or neighbouring land;
- 3.13. inform the Landlord forthwith of any attempts to establish or acquire easements, rights or privileges against the Property, and will join in (at the Landlord's request and the Tenant's cost) any action which the

Landlord takes against persons seeking to acquire such easements, rights or privileges;

Costs of S.146 Notices

- 3.14. pay all the Landlord's reasonable and proper costs relating to the preparation and service of any notice under Section 146 of the Law of Property Act 1925 requiring the Tenant to remedy any breach of its covenants (even if forfeiture is avoided);

Cesser

- 3.15. restore possession of the whole of the Property to the Landlord at the end of the Term (howsoever determined) in good order and repair in accordance with the Tenant's covenants.

Insurance

- 3.16. Keep the Property insured against damage by fire, flood, lightning, explosion and non-hostile aircraft (and anything dropped from non-hostile aircraft and objects falling therefrom);

The Landlord's Obligations

4. The Landlord COVENANTS with the Tenant that it will:

Repair

- 4.1. Keep the whole Interior of the Property in good repair;
4.2. Keep the whole Exterior of the Property in good repair;

Quiet Enjoyment

- 4.3. allow the Tenant quiet enjoyment of the Property during the Term granted without interruption by the Landlord or by any person rightfully claiming under or in trust for it.

Other Agreements

5. The parties also AGREE that:

Exclusion of LTA

- 5.1. the Landlord served a notice on the Tenant, as required by section 38A(3)(a) of the Landlord and Tenant Act 1954, applying to the tenancy created by this Lease, before this Lease was entered into;
5.2. Michael Khouri-Bent, Director of Nottingham City Homes Registered Provider Limited, who was duly authorised by the Tenant to do so made a statutory declaration dated 14 June 2022 in accordance with the requirements of section 38A(3)(b) of the Landlord and Tenant Act 1954; and
5.3. there is no agreement for lease to which this Lease gives effect
5.4. the provisions of sections 24 to 28 of the Landlord and Tenant Act 1954 are excluded in relation to the tenancy created by this lease

Forfeiture on Re-entry

- 5.5. if the Tenant:

- 5.5.1. becomes bankrupt, insolvent or makes any arrangement or composition with creditors; or
 - 5.5.2. allows any distress or execution to be levied on the Tenant's goods; or
 - 5.5.3. (being a company) is wound up (except voluntarily for amalgamation or reconstruction); or
 - 5.5.4. fails to remedy any breach of the Tenant's obligations under this Lease after the Landlord has given him reasonable notice to do so; or
 - 5.5.5. does not pay rent within twenty-one days of it becoming due;
- then the Landlord may (without prejudice to its other rights) re-enter the Property and take possession to end this Lease immediately;

Service Charges

- 5.6. the Tenant will pay, as Additional Rent, due 21 days after the Landlord makes a written demand for it, that proportion of the costs actually and reasonably incurred by the Landlord in providing (or managing the provision of) the services mentioned below which is, in the Surveyor's opinion, properly attributable to the Tenant and the Property;
 - 5.6.1. the demand for payment shall be conclusive, both as to the amounts incurred and as to the proportion demanded;
 - 5.6.2. the services mentioned above are:
 - 5.6.2.1. cleaning, decoration, maintenance, repair and renewal of the Property
 - 5.6.2.2. cleaning, decoration, maintenance, repair and renewal of the Service Equipment,
 - 5.6.2.3. security;
 - 5.6.2.4. cleaning of the Exterior windows;
- TOGETHER WITH any other services which the Landlord shall (in its absolute discretion) think fit to provide for the benefit of the Property during the Term;

Compensation

- 5.7. no compensation under part II of the Landlord and Tenant Act 1954 shall be paid to the Tenant where it may be excluded under Section 38 of that Act;

Notices

- 5.8. notices under this Lease shall be in writing, delivered by hand or recorded delivery post and addressed to the Tenant at the Property (or to the Tenant's last known address) or to the Surveyor Nottingham City Homes, at Loxley House, Station Street, Nottingham NG2 3NG (or such other address as the Landlord may specify), as appropriate;

Service

- 5.9. Court process must be served on the Landlord's Solicitor at Loxley House, Station Street, Nottingham NG2 3NG (or such other address as she may specify);

VAT

- 5.10. all rent, money or other consideration in respect of supplies for VAT purposes received or deemed to be received by the Tenant under or in connection with this Lease is exclusive of VAT, and the Tenant agrees to pay such VAT to the Landlord on production of a valid VAT invoice;
- 5.11. the Landlord has not opted to tax the Property;

Set-off

- 5.12. the Tenant may not withhold rent, or deduct any sums from the rent, on the grounds that the Landlord may owe money to the Tenant or be in breach of its covenants;

Abandoned Property

- 5.13. any property left on the Property at the end of this Lease may be dealt with by the Landlord as though the provisions of Section 41 of the Local Government (Miscellaneous Provisions) Act 1982 applied;

No Implied Rights

- 5.14. the Tenant is not and will not become entitled to any rights of light, air, way, user, support or shelter (save those expressly granted by this Lease) which might interfere with the Landlord's rights to use or develop its neighbouring land, or which might be implied by Section 62 of the Law of Property Act 1925;

Option to Break

- 5.15. for the purpose of this clause:
- 5.15.1. "Break Date" means **the date the Parties agree to Break the Lease having served and received Notice** ~~each annual anniversary of the commencement date of the Term;~~ and
- 5.15.2. "Break Notice" means written notice to terminate this lease specifying the Break Date; and
- 5.18.3. "Basic Rent" means the Rent specified in the Lease and does not include Additional Rent;
- 5.16. either party may terminate this lease on ~~any~~ **the** Break Date by serving a Break Notice on the other party at least ~~two~~ **one** months prior to the relevant Break Date;
- 5.17. A Break Notice served by the Tenant shall be of no effect if, at the Break Date:
- 5.17.1. the Tenant has not paid any part of the Basic Rent, or any VAT in respect of it, which was due to have been paid; or
- 5.17.2. the Tenant does not give up occupation of the Property; or
- 5.17.3. there are any continuing sub-leases or licences to occupy;
- 5.17.4 NCH Limited has no Lender consent to sell or otherwise dispose of the properties.**
- 5.18. subject to clause 5.7, following service of a Break Notice this lease shall terminate on the Break Date;

- 5.19. termination of this lease on the Break Date shall not affect any other right or remedy that either party may have in relation to any earlier breach of this lease;
- 5.20. determination of this Lease by notice shall not prejudice the parties' rights or remedies in respect of any antecedent breaches of covenant;
- 5.21. time shall be of the essence in respect of the time periods and limits in this clause;
- 5.22. the Landlord shall repay any Rent paid by the Tenant for any period after determination, apportioned on a daily basis;

Arbitration

- 5.23. disputes as to the interpretation of this Lease or any matters arising under it may be referred by either party to and be determined under the provisions of the Arbitration Act 1996 (as amended) by a single Arbitrator appointed (in default of agreement) by the President for the time being of the Royal Institution of Chartered Surveyors;

Jurisdiction

- 5.24. English Law shall govern this Lease, and the parties submit to the non-exclusive jurisdiction of the High Court of Justice in England.
-

THE SCHEDULES

Schedule 1 – Property Description

1. In this Lease, "the Property" means the postal addresses given in Schedule 2, and:
 - 1.1. INCLUDES the following:
 - 1.1.1. all buildings and other structures which are now (or may during the Term be) on that land;
 - 1.1.2. the Landlord's fixtures and fittings, and the Service Equipment solely serving the Property;
 - 1.1.3. the right (which is hereby granted) for the Tenant to:
 - 1.1.3.1. enter adjoining Landlord-owned Property (on giving reasonable notice and (if necessary) obtaining the occupier's consent) to inspect, maintain, clean or decorate any part of the Property which cannot reasonably be reached without such entry (but the Tenant may not cause unnecessary disturbance and must make good forthwith any damage caused);
 - 1.1.3.2. use the Service Equipment serving the Property in common with neighbouring properties, paying therefor a fair proportion of the costs of inspecting, maintaining, repairing and replacing it;
 - 1.2. BUT EXCLUDES the following:
 - 1.2.1. any Service Equipment used by or in common with other property;
 - 1.2.2. the following rights (which are hereby reserved to the Landlord and its successors and licensees):
 - 1.2.2.1. the right to enter the Property (on giving reasonable notice) to:
 - 1.2.2.1.1. inspect its condition;
 - 1.2.2.1.2. carry out any works required to remedy breaches of the Tenant's obligations (if the Landlord has given proper notice of the breaches and the Tenant has not remedied them within a reasonable time);
 - 1.2.2.1.3. inspect, maintain, clean, decorate, renew or rebuild Service Equipment and

neighbouring properties which cannot reasonably be reached without such entry (but the Landlord may not cause unnecessary disturbance and must make good forthwith any damage caused);

Schedule 2 – Property Addresses

1	56 Cinderhill Walk	NG6 8RW
2	73 Winterton Rise	NG5 5NU
3	12 Anderson Court	NG5 9EQ
4	3 Anderson Court	NG5 9EQ
5	25 Camomile Gardens	NG7 5GB
6	11 Walgrave Walk	NG5 5NT
7	63 Eddlestone Drive	NG11 8QA
8	14 Woodgate Court	NG7 3GF
9	27 Woodgate Court	NG7 3GF
10	35 Eddlestone Drive	NG11 8QA
11	6 Helmsdale Gardens	NG5 9NB

Schedule 3 – Rent Review

2. In this Schedule:

- 2.1. "Review Date" means the 1 April 2023 and in every subsequent year and at the start of the last year of the Term;
- 2.2. "Review Period" means a period from one Review Date to the next, or from the last Review Date until the end of the Term.
- 2.3. The rent for any Review Period may be agreed at any time between the Landlord and the Tenant, and the following provisions shall apply:
 - 2.3.1. if the parties cannot agree on a rent at least two months prior to the relevant Review Date then it will be determined not earlier than the relevant Review Date by an independent valuer acting as an expert and not as an arbitrator;
 - 2.3.2. if the parties cannot agree on an independent valuer then either party may apply not earlier than two months before the relevant Review Date and not later than the end of the relevant Review Period to the President for the time being of the Royal Institution of Chartered Surveyors for the President to appoint one;
 - 2.3.3. the fees and expenses of the independent valuer (including the costs of his appointment) shall be borne equally by the parties who shall otherwise each bear their own costs;
 - 2.3.4. the independent valuer shall give each party an opportunity to make representations to him; and
 - 2.3.5. if the independent valuer shall die, delay, become unwilling or incapable of acting or if for any other reason the President for the time being of the Royal Institution of Chartered Surveyors or the person acting on his behalf shall in his absolute discretion think fit he may in writing discharge the independent valuer and appoint another.
- 2.4. When the amount of any revised rent has been agreed or determined a memorandum to that effect shall be signed by or on behalf of the parties and annexed to this Lease and its counterpart.
- 2.5. If the rent payable on and from any Review Date has not been agreed by that Review Date, rent shall continue to be payable at the rate previously payable. When the revised rent has been ascertained the Tenant shall pay forthwith to the Landlord any shortfall between the previous rent and the revised rent TOGETHER with interest on any such shortfall at the Law Society's interest rate from time to time in force.

This Lease is signed as a Deed by NOTTINGHAM CITY
HOMES LIMITED

}

Director

Executed as deed by NOTTINGHAM CITY HOMES
REGISTERED PROVIDER LIMITED acting by
[Michael Khouri-Bent] a director, in the presence of:

.....
Director

Witness Signature:

Witness Name: Mark Lawson

Address: Loxley House, Station Street, Nottingham NG2
3NJ

Occupation: Executive Assistant, Nottingham City Homes

Appendix 1 – attach Excluded Licence Agreement

NOTTINGHAM CITY HOMES**REPORT OF THE CHIEF OPERATING
OFFICER****THE GROUP BOARD,
3rd July 2024****ARBORETUM DISPOSALS****1 EXECUTIVE SUMMARY**

- 1.1 To provide the Board with an updated position statement on progress of the sale of the Arboretum

2 RECOMMENDATIONS

- 2.1 Board to note the contents of the report

3 REPORT

3.1 Background

In December 2017, Board approved for Nottingham City Homes (NCH) to work with Nottingham City Council (NCC) to substantially regenerate the Arboretum area, through the purchase of HRA properties from NCC. The purchase of the properties aimed to deliver conversion and improvement into good quality market rented accommodation with a view to regeneration of the local area.

- 3.2 Board initially agreed for NCHEL to purchase and refurbish these properties and progress the project through:
- Agreement of the financial model
 - Allocation of £2.4m of NCH new build and acquisition reserve to support this NCHEL regeneration project
 - A loan agreement between NCHEL and NCC to finance this regeneration project.
- 3.3 Ultimately the project did not proceed as planned above. The acquisition was via a 999-year lease to NCH who paid for the acquisition from its reserves, without a loan. Board was updated on progress of the refurbishment project over the years noting that the project would be financially impaired having cost more to acquire and refurbish than the final properties would be worth.
- 3.4 Following the CIPFA report and the reversion of housing management to direct NCC control meetings were held to determine the future of assets held by NCH. On the 5th of October 2023 Board agreed to the sale of properties in the Arboretum, comprising of a formal request to NCC to modify the covenants to support the sale process, and preparation of a disposal plan
- 3.5 NCH have been working with NCC since October 2023 to modify the covenants and develop a disposal plan. This has now concluded, and the

final varied leases will be ready by the end of June 2024. These will be provided to the agents who have been retained for selling the properties.

- 3.6 Valuations have been provided by independent valuers and Surveyors HEB Chartered Surveyors who are property experts in Nottingham, providing services to a range of different clients including RICS valuations to Nottingham City Council. It should be noted that the valuations are indicative, and ultimately, the market will dictate the value. The full valuations have been considered in terms of type of ownership, condition, location, number and type of properties, sub-leases as part of the sale etc. HEB's valuations have throughout the NCH sale process have been accurate when compared to the Agents for the properties currently being marketed.
- 3.7 Consideration has been given to the suggestion of presenting the properties at auction, this could be done alongside marketing via the agent. NCC did sell some commercial properties via Auction in the past however NCC Property. are currently marketing the remaining HRA Arboretum properties and it is considered that it would be prudent to follow suit.
- 3.8 An auction could restrict the values that are achieved and undertaking this prior to marketing will delay further the sale of the properties which have already been empty for some years. As there are plans in place and NCC/ NCH have procured HEB to market the properties it is prudent for us to market the properties through the agent in the first instance, gauge demand and perhaps look to auction in the future should this be required.
- 3.9 NCC have insisted the 999-year leases remain, these contain the covenant that says the work must be finished and the properties let within a year, and that if this isn't complied with NCC can take the properties back. It is highly unlikely that NCC would agree to remove this as it would impact on the regeneration objectives for the area, we are aware that this may impact on investor decisions and amendments to the leases should remain in line with other sales in the Arboretum. NCC have assured us that this has not affected the saleability of their assets in that area.
- 3.10 In terms of the preparation of the legal pack for sale we are currently finalising the full lease details to the agent. This is imminent and should not therefore be a barrier. The Heads of Terms and Schedule of Outstanding Works referred to in the Deeds of Variation have now received NCC approval, so we aim to go to market in July 2024. It is critical we complete the legal pack to commence the marketing and sale of the Arboretum portfolio as this has created NCH additional costs over the life they have been owned. The aim is to secure the best price the market offers for each of the buildings and it will be really important now to see who those interested buyers are once the properties are formally marketed and to achieve the best return for the NCH group and if we can continue with the plan that has already been agreed in the first instance this will assist in meeting these goals within the timescales we are all working within.

4. FINANCIAL, LEGAL AND RISK IMPLICATIONS

- 4.1 The sale of the Arboretum properties is critical to the financial position and stability of NCH, to release the value of £4M to fund the repayment to the HRA reducing NCH's debt to NCC.

4.2 Legal Implications

- 4.2.1 The properties are currently vacant save those previously sold by NCC under the right to buy scheme and held by leaseholders. The properties will be sold by blocks not individual assets and will be subject to the reversion and covenants set by the Council. Any equity on sale will be available for NCH reserves and in turn can be used to repay the HRA debt. It should be noted that this was never a commercial project, but one aligned to the Councils regeneration ambitions for the Arboretum area.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 5.1 Sale of the Arboretum support the delivery of the NCH Business Plan Business Plan updated position statement.

6 EQUALITY IMPACT ASSESSMENT

- 6.1 A further EIA has not been undertaken as the properties are vacant and the sale will return 28 homes back into use.

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

NCH Board Report 25th July 2019 - Purchase and Redevelopment of the 27 No HRA Blocks to regenerate the Arboretum Nottingham

NCH Board Minutes 5th October 2023.

CONTACT OFFICER:

Liz Cook Chief Operating Officer

Loxley House
Station Street
Nottingham
NG2 3NJ
Tel: 07803012840
E-mail liz.cook@nottinghamcity.gov.uk

DATE: 3rd JULY 2024

NOTTINGHAM CITY HOMES

NCC/ NCH GROUP SERVICE CONTRACT REVIEW

NCH BOARD

3 JULY 2024

**REPORT OF THE EXECUTIVE ASSISTANT AND HEAD
OF NCH REGISTERED PROVIDER**

1. EXECUTIVE SUMMARY

- 1.1 This report provides Board with an update on the NCC/ NCH Group Service Charge that is currently under review.

2. RECOMMENDATIONS

- 2.1 That the Board **note and comment** on the report.

3 REPORT

- 3.1 Nottingham City Council (NCC) has been providing all management, maintenance and corporate services to the NCH Group since April 2023 under the agreed NCC/ NCH Service Contract.
- 3.2 The contract provides for a review mechanism to ensure all services are correctly and effectively delivered to the agreement of both parties.
- 3.3 The original service contract was primarily task-led to ensure all required services were accepted as in-scope. At that time NCC had not agreed their service standards or key performance reporting.
- 3.4 NCH nominated officers have reviewed the service contract to ensure it is fit for purpose, to clarify areas of confusion and charging disagreements. The contract also needed to include higher aspirations for service delivery to meet the new Regulatory Standards. Key changes are the insertion of Outcomes Required in Section 4 and Service Standards in Section 7. The reviewed Service Contract is in Appendix 1.
- 3.5 The contract with NCH suggested amendments has been forwarded to NCC for comments and agreement. A response was requested by 21 June 2024. At the time of writing, no response has been received.
- 3.6 When NCC feedback has been received and officers for both parties agree, the Service Contract will be brought back to Board for approval and signature.

- 3.7 Concerns have been raised at officer and Board level that the services delivered under the Service Contract do not, at times, meet the standards required by the NCH Group and the costs are too high. NCC acknowledge that their overheads do increase costs for the group but are unable to reduce them due to HRA Ring Fence rules.
- 3.8 The NCC Companies Governance Executive Committee has accepted that NCH Limited is not looking financially viable in the future and a planned wind-down of the company may be required. Further, the removal of NCH assets will reduce NCH RP income but most of the overheads would remain placing NCH RP financial viability in doubt.
- 3.9 Whilst the NCH Group could test the market for management, maintenance and corporate services by drawing up and issuing an invitation to tender, it is not considered a prudent use of very limited resources at this time.
- 3.10 Key Performance Indicator reporting is now coming through from NCC. A report was received in April for the whole 2023/24 performance and a reporting schedule has now been agreed, starting late June for April/ May and monthly thereafter. This will enable the NCH Group to better identify performance and costs and to hold NCC to account for any failures to deliver in accordance with the contract.

4 FINANCIAL IMPLICATIONS

- 4.1 The NCH Group has a responsibility to get the best value for money services for tenants and residents.

5 LEGAL IMPLICATIONS

- 5.1 Since 1 April 2023 the NCH Group has no directly employed employees. All services to manage and maintain our properties are delivered by this Service Contract. Having been in force for one year there have been learning outcomes which have now informed the proposed review of clauses. This requires agreement with NCC as a matter of urgency for service and budget clarity. The escalation process for non-performance has also been clarified to ensure the NCH Group discharges its duty to provide safe, well managed and maintained homes and remains compliant in its service delivery to mitigate any legal action or actions for breach.

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES

- 6.1 An effective, value for money service delivery partner is critical to ensure the delivery of homes and places where people want to live.

7 EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 Has the equality impact of these proposals been assessed?

☐ Yes (EIA attached)

☒ No (this report does not contain proposals which require an EIA)

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

- 8.1 Appendix 1 – NCH amended Service Contract forwarded to NCC for comments and agreement.

Contact officers

Name: Mark Lawson, Executive Assistant and
Head of NCH Registered Provider

Address: Loxley House, Station Street, Nottingham
NG2 3NJ

Email: mark.lawson@nottinghamcity.gov.uk

Date

20 June 2024



Service Contract
between
Nottingham City Council
And
The Nottingham City Homes Group

Comprising
Nottingham City Homes Limited
Nottingham City Homes Registered Provider Limited
Nottingham City Homes Enterprises Limited

Annual Review; June 2024 (NCH Group Re-Draft)



THIS SERVICE CONTRACT AGREEMENT is made on

2024

BETWEEN

Parties

- (1) **Nottingham City Council**, a Local Authority, whose registered office is at Loxley House, Station Street, Nottingham NG2 3NG (NCC, the **Service Provider**); and
- (2) **Nottingham City Homes Limited**, a company limited by guarantee registered with Companies House in England under company number 5292636, whose registered office is at Loxley House, Station Street, Nottingham NG2 3NJ (**NCH**);
- (3) **Nottingham City Homes Registered Provider Limited**, a company limited by guarantee registered with Companies House under company number 9810057 and whose registered office is at Loxley House, Station Street, Nottingham NG2 3NJ (**NCH RP**);
- (4) **Nottingham City Homes Enterprises Limited**, a company limited by shares registered with Companies House under company number 9805670 and whose registered office is at Loxley House, Station Street, Nottingham NG2 3NJ (**NCH EL**).

together the Nottingham City Homes (NCH) Group

Service Contract	Provision of Housing Management, Maintenance and Support Services
Service Delivered by	Nottingham City Council
Service Delivered to	Nottingham City Homes Group,
Responsible Officer(s), (NCC)	Strategic Director of Housing Service Directors of Housing and Property
Responsible Officer, NCH Group	Chief Operating Officer, NCH Group
Period Covered	1 April 2024 to 31 March 2025
Services to be provided by NCC	<p>Provision of;</p> <p>Housing Management and Maintenance, to include;</p> <ul style="list-style-type: none"> ❖ Capital / Investment Programme ❖ Environmental management ❖ Property and building safety compliance, including stock condition surveys and HHSRS ❖ Urgent and responsive repairs and maintenance ❖ Void repair ❖ Planned maintenance ❖ Tenancy and Licence management ❖ Anti-social behaviour management ❖ Temporary accommodation services, including intensive housing management ❖ Allocations, lettings and terminations ❖ Rent setting and arrears management ❖ Caretaking, grounds maintenance and tree safety on NCH social housing estates

	<ul style="list-style-type: none"> ❖ Customer service, insight, complaints and ombudsman enquiries ❖ Tenant Satisfaction Measures <p>Corporate services – to include:</p> <ul style="list-style-type: none"> ❖ Governance services ❖ Finance services ❖ Legal services on request only ❖ Service Contract monitoring and management ❖ Performance and regulatory management ❖ Risk management and health and safety services ❖ Business continuity and emergency planning ❖ Information governance services ❖ Insurance services ❖ Procurement services ❖ HR service on request only ❖ And any such service which may from time to time be required for direct delivery or commissioning.
Review Date	<p>1 January 2024</p> <p>31 March 2025</p>
Approved By;	
Nottingham City Council (NCC)	Sajeeda Rose, Corporate Director for Growth and City Development.
Nottingham City Homes Limited (NCH)	Madeleine Forster, Chair of the NCH Board
Nottingham City Homes Registered Provider Ltd (NCH RP)	Mike Khouri-Bent, Chair of the NCH RP Board
Nottingham City Homes Enterprises Limited (NCH EL)	Madeleine Forster, Chair of the NCH EL Board

1) Introduction

This Service Contract is made between NCC and the NCH Group

The purpose of this Service Contract is to:

Deliver housing management and maintenance service and a full suite of corporate services to the NCH Group which meet the Regulator of Social Housing (RoSH) Consumer Standards, provide effective services to NCH Group tenants and residents and to maintain NCH Group property assets.

Within this Service Contract, the parties will define;

- the responsibilities of NCC and the NCH Group
- what services will be provided, operated and delivered by NCC to the NCH Group, how these services will be delivered
- payment by the NCH Group to NCC for the cost of services provided
- the service standards required
- any contract dispute resolution processes and termination.

2) Outcomes Required

- 2.1) A high quality, value for money housing management and maintenance service that meets the new Regulatory standards set by the RoSH
- 2.2) Gaps in meeting Regulatory standards are managed through the HQN Regulatory Compliance toolkit and qualified with a SMART Action Plan to address shortcomings,
- 2.3) Fully managed service provision that complies with existing legislative requirements and will comply with emerging and future legislative requirements, including but not limited to the Social Housing (Regulation) Act, Building Safety Act, Supported Housing (Regulatory Oversight) Act.
- 2.4) Performance measures that are agreed, delivered to targets, monitored and published.
- 2.5) External sub-contractors are effectively managed when operating in NCH Group properties.

3) General Responsibilities of NCC

- 3.1) To deliver the services to the NCH Group as prescribed in this Service Contract and set out at Appendix 1.

4) General Responsibilities of the NCH Group

- 4.1) The NCH Group will work with NCC to deliver the joint objectives of delivering excellent quality, safe homes and temporary accommodation for Nottingham citizens and families.
- 4.2) To retain Board structures to fulfil company legislation and regulatory requirements and to facilitate strategic objectives and decisions.
- 4.3) To maintain separate accounting systems, bank accounts and (where required) VAT registration for each company.
- 4.4) To pay NCC's actual costs of delivering services to the NCH Group.
- 4.5) To abide by the provisions of General Data Protection Regulations as the data owner and with NCC as data processor and both parties agree to sign a data sharing agreement.
- 4.6) To remain compliant with legislation and statutory regulation at all times.
- 4.7) To monitor NCC performance on the delivery of services to the NCH Group in accordance with this Service Contract and Regulatory Compliance
- 4.8) Work with NCC to determine the best long-term future for NCH Group tenants, licensees and property assets.

5) Responsible officers

- 5.1) The NCH group shall appoint a Chief Operating Officer to act as a client Responsible Officer of sufficient seniority to lead the operations of the company and act as advocate for the NCH Boards.
- 5.2) NCC will also appoint a Responsible Officer of sufficient seniority to oversee the delivery, performance and compliance of this service contract.
- 5.3) NCH Responsible officers will set and manage budgets, approve spend, write business plans and strategies and monitor all aspects of performance and compliance delivered by NCC to the company in accordance with this service contract.

6) Charging mechanisms

- 6.1) Charges for services delivered by NCC under this service contract will be levied to the NCH Group in accordance with clauses (6.4), (6.5) and (6.6) below.
- 6.2) Itemised invoices shall be raised by NCC quarterly for approval and, subject to agreement, paid by the NCH Group within 30 days.
- 6.3) All charges for services will be subject to VAT at the prevailing rate, where assessed for VAT.

6.4) Where the actual cost of delivery is known, this cost will be passed to the NCH Group in full, as follows;

- gross salaries of staff engaged 100% in NCH activities
- pro-rata gross salaries of staff substantially engaged (50% or more) in NCH Group activities at the agreed pro-rata percentage
- assessed and agreed fixed costs such as caretaking, cleaning, grounds maintenance
- assessed and agreed per-property costs for property and building safety compliance
- repairs and maintenance work agreed and completed
- planned maintenance work agreed and completed
- void repairs work agreed and completed
- insurance

6.5) Where actual costs are not known or easily defined, NCC shall derive the cost of the service payable by the NCH Group based on a pro-rata calculation of the total cost of the NCC service, divided by the total number of properties served, multiplied by the number of properties from the NCH Group receiving that service, for;

- tenancy management
 - current and former tenancy arrears management
 - customer service
 - customer insight
 - complaints and ombudsman enquiries
 - information governance, data protection and GDPR
 - health and safety
 - general overheads, including ICT, senior management, HR
- ❖ It should be noted that parts of the NCH Group property portfolio have dedicated staff performing some of these functions so should not be billed pro-rata here also.

6.6) Where pro-rata costs based on property numbers would not proportionately reflect the cost of service delivery to the NCH Group, fixed costs should be agreed by the parties to this contract. Examples would be;

- Allocations and lettings; a pro-rata split of total cost of the NCC service divided by the total lettings in the year, multiplied by the NCH Group lettings in the year.
- governance
- finance
- rent administration
- performance reporting and monitoring
- regulatory matters

6.7) Where fixed costs are applied, NCC shall provide reasonable evidence of work undertaken to support the charge.

6.8) Where property numbers substantially reduce or increase (20%+ change), pro-rata charges must also be amended at the date of the change. Actual

costs and fixed costs will not change unless the whole property portfolio, or a substantial part of it, is disposed of.

6.9) Where NCC staff are wholly engaged in delivering services to a service recipient NCH company and their costs are fully recharged to that company, they shall not be engaged in NCC business without the written approval of the Responsible officer for that service recipient company.

6.10) The cost matrix used to define costs of services provided under this Service Contract is contained in Appendix 2

7) Service Standards

7.1) In supplying the Services, NCC shall:

- i. perform the Services with the highest level of care, skill and diligence in accordance with best practice in the social housing industry and compliance with the RoSH Regulatory Standards;
- ii. co-operate with the NCH Group in all matters relating to the Services, and comply with all instructions of the NCH Group;
- iii. appoint or replace without delay any manager, who has responsibility for the provision of Services set out in this contract;
- iv. only use personnel who are suitably skilled and experienced to perform the tasks assigned to them, and in sufficient number to ensure that NCCs obligations are fulfilled;
- v. ensure that it obtains, and maintains all consents, licences and permissions (statutory, regulatory, contractual or otherwise) it may require and which are necessary to enable it to comply with its obligations in the Contract;
- vi. provide all equipment, tools, vehicles and other items required to provide the Services;
- vii. ensure that all goods, materials, standards and techniques used in providing the Services are of the best quality and are free from defects in workmanship, installation and design;
- viii. comply with:
 - a. all applicable laws, statutes, regulations [and codes] from time to time in force; and
 - b. the Mandatory Policies.
- ix. observe all health and safety rules and regulations and any other reasonable security requirements that apply at any NCH Group premises from time to time and are notified to NCC;

- x. not do or omit to do anything which may cause the NCH Group to lose any licence, authority, consent or permission on which it relies for the purposes of conducting its business;

7.2) NCC will deliver services to the NCH Group, its tenants, licensees and properties in accordance with NCC's service standards monitored through the NCC Balanced Scorecard for the NCH Group.

7.3) Proposed amendments to service standard statements existing at the time of this agreement, must be approved by the respective Responsible Officers and Boards.

7.4) All parties to this Service Contract commit to the following;

- a. to work together and collaboratively to successfully deliver the outcomes required under this contract,
- b. to keep tenants, licensees, staff and properties safe,
- c. to work to get void properties urgently back into use,
- d. to maximise income,
- e. to ensure costs are accurate with no subsidy or over-charging.

8) Quality control, contract monitoring and liaison

8.1) NCC will produce a monthly Balanced Scorecard for NCH Group properties (split by NCH entity) for all KPI measures adopted by NCC, with targets and actuals and to include base data for in-depth analysis.

8.2) The NCH Responsible Officer is accountable for monitoring the service contract and performance and quality of service provided by NCC staff.

8.3) Responsible Officers shall meet monthly to assess performance and raise any issues or charging queries.

8.4) NCC Responsible officer and Service Directors will attend NCH Board meetings as required to provide updates on performance, service issues and failures and governance matters.

9) Issue and dispute resolution

9.1) All parties to this contract commit to dealing with complaints or dissatisfaction about the level of service provided, or the Service Contract itself, effectively and efficiently and to take immediate remedial action to resolve the complaint and avoid a re-occurrence.

9.2) Areas of under-performance or potential breach of contract shall be raised at the monthly contract review meeting and an action plan to address issues agreed.

- 9.3) Where an action plan cannot be agreed, or concerns remain about under-performance or breach of this contract, an escalation process has been devised to address and resolve concerns as follows;

➤ **Stage 1**

The under-performance issue, complaint or potential breach of contract by NCC shall be put in writing/ email by the NCH Responsible Officer to the NCC Service Director Responsible Officer who will review the matter within ten working days. If the matter is complex and it is not possible to fully resolve within this timescale then an interim written response to the NCH Responsible Officer will be made within five working days, and the matter finally resolved within a further ten working days.

➤ **Stage 2**

If the issue remains unresolved, under-performance issue, complaint or potential breach of contract, together with appropriate evidence, shall be escalated by the NCH Responsible Officer to the NCC Strategic Director of Housing for review. A final written response will be made to the NCH Responsible Officer within ten working days.

➤ **Stage 3**

In the unlikely event that agreement cannot be achieved, the dispute shall be referred by the NCH Responsible Officer to the NCC Corporate Director for Growth and City Development who may request a meeting with Responsible Officers and will provide a full written response within a further ten working days. Matters referred to Stage 3 must be reported to the relevant NCH company Board for review and direction.

10) Review

- 10.1) This Service Contract and all its constituent parts will be reviewed after 12 months of the service commencement and thereafter annually by the assigned Responsible Officers or when otherwise required by an urgent need – including but not limited to changes to legislation, group corporate structure, customer base, asset holdings, or any other matters considered worthy of a review.
- 10.2) Any changes or alterations to the services provided, or charges therein, which will affect this Service Contract during the length of the agreement must be agreed by the Responsible Officers.

11) Variation

- 11.1) The Responsible Officers may agree to vary this agreement from time to time subject to the proviso that no variation of this agreement shall be effective unless it is in writing and signed by all the parties (or their authorised

representatives) and notice of the variation has been served on each party. If variation is not intended to apply to all parties equally then the variation agreement shall set this out accordingly and be signed by those parties only affected by the variation.

12) Termination

- 12.1) The Parties acknowledge that different services may be required for each member of the NCH Group over different time periods and accordingly if services are no longer required then NCH Group members must serve a minimum of 3 months' notice on NCC (or a lesser period if agreed by both parties) to terminate any services it receives.
- 12.2) NCC may service notice to terminate services by serving 3 months' notice provided that if on expiry of that notice any services are still required by the NCH Group, or any member of the Group, that alternative service provision will be secured by NCC at no additional cost, or if Parties agree by an alternative third-party provider.

13. Indemnity & Insurance

- 13.1) NCC shall indemnify the NCH Group against any action, claim or demand against the NCH Group arising out of any failure of NCC to fulfil its responsibilities herein set out or imposed upon it by statute or otherwise PROVIDED ALWAYS that the liability of NCC hereunder (save for liability for negligence resulting in personal injury or death) to the NCH Group in respect of any such action, claim or demand shall not exceed the actual losses incurred.
- 13.2) NCC shall ensure it has sufficient insurance cover to meet any liability under this service contract.

14. Data Protection and confidentiality

- 14.1) All GDPR and confidentiality matters will be managed with the NCC Information Compliance Team in accordance with the Data Processing Agreement, agreed with NCH , including the Parties use of sub-contractors.

15. Force majeure

- 15.1) Neither party shall be in breach of this agreement or otherwise liable for any failure or delay in the performance of its obligations if such delay or failure results from events, circumstances or causes beyond its reasonable control. Such events include;
- a) acts of God, flood, drought, earthquake or other natural disaster;
 - b) epidemic or pandemic;

- c) terrorist attack, civil war, civil commotion or riots, war, threat of or preparation for war, armed conflict, imposition of sanctions, embargo, or breaking off of diplomatic relations;
- d) nuclear, chemical or biological contamination or sonic boom;
- e) any law or any action taken by a government or public authority, including without limitation imposing an export or import restriction, quota or prohibition or failing to grant a necessary licence or consent;
- f) collapse of buildings, fire, explosion or accident;

The affected party must provide notice as soon as practicable to the responsible officer of the event leading to the failure.

15.2) The time for performance of such obligations shall be extended accordingly. If the period of delay or non-performance continues for 4 weeks, the dispute resolution process shall be followed (clause 9).

15.3) For the avoidance of doubt, the following are not considered force majeure events:

- a) Lack of staffing or failure to recruit
- b) Non-performance, Issues or disputes relating to sub-contractors
- c) High Workloads

16. Business Continuity and Emergency Planning

16.1) NCC shall respond to any business continuity or emergency planning issue in an NCH Group property in line with their Business Continuity and Emergency Planning policy.

16.2) NCC shall provide an out-of-hours emergency service to NCH Group properties and residents in line with their current processes.

Signatories

<u>Nottingham City Council</u> Name Sajeeda Rose Position Corporate Director of Growth & City Development Organisation...Nottingham City Council.  Signature..... Date 26/9/23	<u>Nottingham City Homes Limited</u> Name Madeleine Forster Position Chair NCH Group Organisation Nottingham City Homes Signature  Date 12/10/2023
<u>2024/25 Review</u>	<u>2024/25 Review</u>
<u>Signature</u>	<u>Signature</u>
<u>Date</u>	<u>Date</u>

<u>Nottingham City Homes Registered Provider Limited</u>	<u>Nottingham City Homes Limited Enterprises Limited</u>
Name Michael Khouri-Bent	Name Madeleine Forster
Position Chair	Position Chair NCH Group
Organisation Nottingham City Homes Registered Provider Limited	Organisation Nottingham City Homes Enterprises Limited
Signature <i>MAB</i>	Signature <i>Madeleine Forster</i>
Date 19 th October 2023	Date 12/10/2023
<u>2024/25 Review</u>	<u>2024/25 Review</u>
<u>Signature</u>	<u>Signature</u>
<u>Date</u>	<u>Date</u>

Appendix 1

General Responsibilities of NCC

NCC will deliver the following services to the NCH Group;

Ref	Responsibility	Task/ activity	To be delivered to		
			NCH	NCH RP	NCH EL
1	Governance NCC Delivery by Head of Governance	For all NCH Group entities; <ul style="list-style-type: none"> Setting quarterly meetings Agendas and minutes AGM Sub-committees as required by the Group Board Board member recruitment and retention Ensuring NHF Code of Governance is fully met Company advice & filing Risk management Filing of Company documents 	✓	✓	✓
2	Responsible Client Officer (NCC) NCC Strategic Director of Housing	<ul style="list-style-type: none"> Lead Responsible Officer for the contractor (NCC) Oversee service contract provision Maintain required levels of performance and standards Accept service of notices Issue resolution 	✓	✓	✓
3	Responsible Officer for each NCH company (general duties) NCH Ltd-George Pashley? NCH RP-Mark Lawson NCH EL-Tim Shirley	<ul style="list-style-type: none"> Assign a senior client Responsible Officer to each NCH company Board liaison and meeting agenda Business plan and model Strategy and direction New business Agreeing and monitoring service contracts, leases and SLAs Annual budget setting Setting charges to meet expenditure, including services and agreed surplus Monthly budget monitoring and projection in conjunction with Finance Officer, including 	✓	✓	✓

		scrutiny of service contract charges <ul style="list-style-type: none"> ○ Approving Purchase Orders and authorising invoices ○ Monitoring property safety compliance ○ Management of external out-sourced contracts for delivery of services ○ High level enquires ○ Dispute resolution 			
			To be delivered to		
Ref	Responsibility	Task/ activity	NC H	NCH RP	NCH EL
4	Responsible Officer NCH Ltd (additional specific duties) Mona Sachdeva	<ul style="list-style-type: none"> ○ Lease reviews 	✓		
5	Responsible Officer NCH RP (additional specific duties) Mark Lawson	<ul style="list-style-type: none"> ○ Strategic direction and overseeing TA provision ○ Securing new accommodation ○ Provider reviews ○ Lease and licence negotiation ○ Strategic negotiation with Benefits 		✓	
6	Responsible Officer NCH EL (additional specific duties) Tim Shirley	<ul style="list-style-type: none"> ○ Selective licencing ○ Planning and delivery of any decommissioning of Market rent tenancies/ properties, including sale ○ Management of all MR tenancies ○ Customer satisfaction surveys ○ Planning & Management of stock valuation ○ Planning and management of Investment programmes ○ Management of void properties ○ Performance Management Based on NCC Performance Report provision 			✓

7	Finance Tracy Martin NB. Andrew Berry has supported to date. NCH to define requirements.	For all NCH Group entities; <ul style="list-style-type: none"> ○ Annual and quarterly financial and budget reporting ○ Presenting to NCH Boards ○ Monthly accounts ○ Maintaining ledgers ○ Maintaining bank accounts ○ MTFP ○ Stress testing, where necessary ○ Audit ○ Company accounts ○ Corporation Tax ○ VAT ○ Procurement ○ Purchase orders and invoice payment ○ Financial and tax advice 	✓	✓	✓
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To be delivered to

Ref	Responsibility	Task/ activity	NC H	NCH RP	NCH EL
8	Legal Mona Sachdeva	<ul style="list-style-type: none"> ○ Provision of legal advice as required ○ Leases ○ Legal defence 	✓	✓	✓
8a	Possession action	<ul style="list-style-type: none"> ○ Issuing of legal proceedings now outsourced for all NCH Group ○ 			
9	Business Transformation Business transformation team	<ul style="list-style-type: none"> ○ Annual, quarterly and monthly performance reporting with a Balanced Scorecard on; ○ building compliance, ○ regulatory compliance, ○ rent collection, ○ complaints, ○ voids, ○ customer satisfaction ○ repairs 	✓	✓	✓
10	Business Transformation	<ul style="list-style-type: none"> ○ Regulatory advice (RoSH) ○ Regulatory returns (RoSH) ○ ○ Assessing regulatory compliance of services delivered by NCC to the NCH Group. 		✓	

	Business transformation team				
11	Customer Insight and satisfaction	<ul style="list-style-type: none"> ○ Comments and complaints handling ○ Ombudsman enquiries ○ Customer satisfaction surveys (not NCH EL) ○ Tenant Satisfaction Measures ○ Minor disrepair compensation 	✓	✓	✓
12	Health and Safety Paul Worts & Steve Edlin	<ul style="list-style-type: none"> ○ Provision of health and safety advice as required ○ Ensuring compliance with Health and Safety Regulations 	✓	✓	✓
13	Information governance, data protection and GDPR George Pashley	<ul style="list-style-type: none"> ○ Provision of information governance, data protection and GDPR advice as required ○ Dealing with data and Access to Information requests, etc 	✓	✓	✓
14	Selective Licencing TS	<ul style="list-style-type: none"> ○ Administration, applications, issue resolution 			✓
15	Insurance GP	<ul style="list-style-type: none"> ○ Insuring property assets ○ Public liability insurance ○ Fidelity insurance ○ Disrepair and public liability claims 	✓	✓	✓

			To be delivered to		
Ref	Responsibility	Task/ activity	NCH	NCH RP	NCH EL
16	Building and Property Safety Compliance Steve Edlin and Alison Brown	<ul style="list-style-type: none"> ○ Completion of building safety compliance servicing and checks to properties owned by the NCH Group or leased to NCH RP through the Private Sector Leasing scheme, in accordance with NCC policies and service standards (carried forward from NCH), to include; <ul style="list-style-type: none"> ○ gas safety and servicing ○ smoke and CO detectors ○ Electrical Installation Condition Report ○ district heating servicing (where fitted) ○ PAT testing (outsourced resource for NCH EL) ○ thermostatic mixing valve checks ○ fire safety detection and alarm systems ○ emergency lighting ○ water safety (legionella) ○ sprinklers (where fitted) ○ damp and mould ○ any new emerging compliance requirements 	✓	✓	✓
17	Responsive repairs Alison Brown	<ul style="list-style-type: none"> ○ Provision of responsive repairs to properties owned by the NCH Group or leased to NCH RP through the Private Sector Leasing scheme, in accordance with NCC policies and service standards and reflective of NCH Group tenancy and licence agreement provisions, to include; <ul style="list-style-type: none"> ○ emergency repairs, 24/7 ○ routine repairs ○ replacement of failed items ○ Reporting and monitoring of defects and latent defects. 	✓	✓	✓
18	Void Repairs	<ul style="list-style-type: none"> ○ Completion of Voids works to all NCH Group owned properties (plus NCH RP 			

	(Commercial team for NCH EL properties) Sharon Guest	Private Sector Leasing Scheme) on vacation of tenant or licensee, to include, but not limited to; <ul style="list-style-type: none"> ○ gas cap ○ lock change ○ reinstatement works ○ Electrical Installation Condition Report ○ gas re-commission ○ clean ○ return ready to let. ○ To agree a different lettable standard where required from the NCC policy 			
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To be delivered to

Ref	Responsibility	Task/ activity	NCH	NCH RP	NCH EL
19	Planned maintenance and Lifecycle Replacement Alison Brown	<ul style="list-style-type: none"> ○ Writing and updating Planned Maintenance programmes for NCH Group properties ○ Completion of Planned Maintenance works to all NCH Group owned properties in accordance with the Planned Maintenance Programme. 	✓	✓	✓
20a	Allocations and Lettings (NCC team) Cath Stocks/Richard Holland/ Sharon Guest	<ul style="list-style-type: none"> ○ Advertising general needs homes for let on Homelink ○ Shortlisting applicants and making offers ○ Signing up new tenants and explaining tenancy conditions in accordance with the relevant tenancy agreement ○ Ordering furniture and kitchen appliances for furnished tenancies ○ Updating IT systems 	✓	✓	
20b	Allocations and Lettings (Dedicated TA team) Cath Stocks/Richard Holland	<ul style="list-style-type: none"> ○ For NCH RP temporary accommodation and Housing Led; <ul style="list-style-type: none"> ○ receiving nominations from NCC Housing Aid ○ allocating property resource ○ accompanying residents to the property ○ sign-up ○ explaining licence conditions 		✓	

		<ul style="list-style-type: none"> ○ updating IT systems ○ CORE returns 			
20c	Allocations and Lettings (Dedicated LiveING team)	<ul style="list-style-type: none"> ○ For LiveING market rent accommodation; ○ advertising property to let with Open Rent ○ Open Rent source tenants, references, deposits and first month's rent in advance ○ accompanied viewings ○ sign up and explain tenancy conditions ○ explain tenancy conditions and sign up Direct Debit 			✓

To be delivered to

Ref	Responsibility	Task/ activity	NCH	NCH RP	NCH EL
21	Customer Service	<ul style="list-style-type: none"> ○ Customer Service Centre ○ 24/7 emergency repairs reporting 	✓	✓	✓
	NCC Corporate Services	<ul style="list-style-type: none"> ○ Provision of rent and arrears advice (not NCH RP temporary accom) 	✓	✓	
		<ul style="list-style-type: none"> ▪ Tenancy management advice and assistance (not NCH RP temp acc or NCH EL) 	✓	✓	
22a	Tenancy Management (TEM team) Kathy Sheldon/Sharon Guest	<ul style="list-style-type: none"> ○ Managing tenancies in NCH owned and NCH RP general needs assured tenancies, to include; ○ routine tenancy visits ○ tenancy amendments ○ mutual exchanges ○ neighbour disputes ○ gardens and communal areas ○ environmental and estate management ○ tenant liaison and involvement ○ breaches of tenancy ○ notice to quit 	✓	✓	
22b	Tenancy Management (Dedicated LiveING team)	<ul style="list-style-type: none"> ○ Managing tenancies in NCH EL LiveING assured tenancies, to include; ○ routine tenancy visits ○ tenancy amendments ○ neighbour disputes 			

		<ul style="list-style-type: none"> ○ gardens and communal areas ○ breaches of tenancy ○ notice to quit 			
23	Anti-Social Behaviour management Kathy Sheldon/Sharon Guest	<ul style="list-style-type: none"> ○ Specialist anti-social behaviour advice and assistance ○ Community mediation ○ Liaison with Community Protection and the Police ○ Issuing notices and legal proceedings in conjunction with Legal services 			

			To be delivered to		
Ref	Responsibility	Task/ activity	NCH	NCH RP	NCH EL
24	<p>Licence Management in temporary accommodation and Housing Led properties</p> <p>Richard Holland/Cath Stocks</p>	<ul style="list-style-type: none"> ○ Managing NCH RP temporary accommodation licences (dedicated TA team) and Housing Led (project officers), to include; <ul style="list-style-type: none"> ○ receiving nominations from NCC ○ allocating temporary accom. ○ signing up licensees and explaining licence conditions ○ compiling a Housing and Support Needs assessment ○ maintaining regular contact with residents ○ provision of advice and assistance to sustain their licence ○ completion of Housing Benefit applications ○ managing rent payments and arrears ○ managing behaviour and damage ○ property inspections ○ furniture inventories ○ assistance with referrals to other agencies ○ assistance with finding a permanent home ○ liaison with NCC Housing Aid ○ terminations and liaising with Voids ○ chasing former tenant arrears ○ Ordering replacement furniture and appliances ○ Appropriate record keeping to demonstrate “care, support and supervision” delivered ○ Ensuring compliance with national and local regulatory or voluntary standards for specialist supported housing. 		✓	

			To be delivered to		
Ref	Responsibility	Task/ activity	NCH	NCH RP	NCH EL
25	Rent administration Keeley Johnson	<ul style="list-style-type: none"> ○ Payment methods ○ Accounting for rent and charge payments by accounting fund ○ Performance reporting ○ Direct Debit administration ○ Refunds ○ IT systems administration 			
26a	Rent and Service Charge setting ML	<ul style="list-style-type: none"> ○ NCH and NCH RP assured tenancies; ○ calculation of charges needed to balance the budget ○ Board approvals ○ NCC Benefits approvals ○ resident and Benefit notifications ○ system uprating 			
26b	Rent and Service Charge setting ML	<ul style="list-style-type: none"> ○ NCH RP temporary accommodation; ○ calculation of charges needed to balance the budget ○ Board approvals ○ NCC Benefits approvals ○ resident and Benefit notifications ○ system uprating. 		✓	
26c	Rent and Service Charge setting (Dedicated Living team) TS	<ul style="list-style-type: none"> ○ Market rent; ○ initial market rent setting ○ Board approvals ○ annual reviews at tenancy anniversary ○ providing notifications ○ system uprating. 			
27a	Rent arrears management for assured tenancies (by Rents team) Keeley Johnson	<ul style="list-style-type: none"> ○ Reviewing rent accounts in arrears ○ Making and maintaining contact with debtors ○ benefit advice and assistance ○ tenancy sustainment support ○ referrals to outside agencies ○ taking appropriate action 	✓	✓	

		<ul style="list-style-type: none"> ○ effective record keeping ○ former tenant arrears and recharges collection 			
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			To be delivered to		
Ref	Responsibility	Task/ activity	NCH	NCH RP	NCH EL
27b	Rent arrears management for licenses in temporary accommodation) by TA team Cath Stocks	<ul style="list-style-type: none"> ○ Reviewing rent accounts in arrears ○ making and maintaining contact with debtors ○ assistance to claim HB ○ benefit advice and assistance ○ support and supervision ○ referrals to outside agencies ○ taking appropriate action ○ issuing notices for possession 		✓	
28	Caretaking and cleaning Kathy Sheldon	<ul style="list-style-type: none"> ○ Provision of caretaking and cleaning to communal areas in NCH Group blocks. 	✓	✓	✓
29	Grounds maintenance Sharon Guest	<ul style="list-style-type: none"> ○ Provision of grounds maintenance to communal external areas surrounding NCH Group blocks. ○ Tree safety management. 	✓	✓	
30	Business Continuity	<ul style="list-style-type: none"> ○ Business continuity planning and delivery, including out of hours and response. 	✓	✓	✓
31	Emergency Planning	<ul style="list-style-type: none"> ○ Emergency planning and delivery, including out of hours and response. 	✓	✓	✓

NCC/ NCH Group Service Contract Cost Calculation Matrix

	Activity	NCC Apportionment methodology	NCH Apportionment methodology
	Service Costs		
>	Repairs	Agreed actual costs direct to NCH Group	Actual costs direct to NCH entity
>	Planned maintenance	Agreed actual costs direct to NCH Group	Actual costs direct to NCH entity
>	Void repairs	Agreed actual costs direct to NCH Group	Actual costs direct to NCH entity
>	Property and Building safety compliance	Agreed actual costs direct to NCH Group	Actual costs direct to NCH entity
>	Lettings; HomeLink, sign-up	Service Pro-rata; Total cost of the NCC Lettings Service divided by the total number of lettings undertaken in the year by the NCC and NCH Group, multiplied by NCH Group lettings	Pro-rata property split of those properties receiving the service; NCH owned social homes & NCH RP general needs homes
>	Tenancy Management	Property Pro-rata; Total cost of the NCC Tenancy Management Service divided by the total stock count of NCC and NCH Group, multiplied by NCH Group stock	Pro-rata property split of those properties receiving the service; NCH owned social homes & NCH RP general needs & Move-On homes
>	ASB Management only	Property Pro-rata; Total cost of the NCC ASB Management Service divided by the total stock count of NCC and NCH Group, multiplied by NCH Group stock	Pro-rata property split of those properties receiving the service; NCH owned social homes & NCH RP general needs homes
>	HRA - Estates & Caretaking	Agreed actual costs direct to NCH Group	Primarily NCH RP, but contribution from NCH EL for Fairham House in accordance with the lease.
>	Rent Administration	Fixed agreed costs (£5,000 in 2023/24)	Equal one-third split across each entity

>	Rent Arrears Management	Property Pro-rata; Total cost of the NCC Arrears Management Service divided by the total stock count of NCC and NCH Group, multiplied by NCH Group stock (multiplied by 1.1 to allow for complexity)	Pro-rata property split of those properties receiving the service; NCH owned social homes, NCH RP general needs homes & NCH EL Market Rent
>	Former Tenant Arrears Management	Property Pro-rata; Cost of the NCC Former Arrears Management Service divided by the total stock count of NCC and NCH Group, multiplied by NCH Group stock (multiplied by 1.1 to allow for complexity)	No costs currently
>	Nottingham On Call	Agreed actual costs direct to NCH Group for 10 x NCH RP Housing Led properties	NCH RP. Housing Led only for 2024/25
>	NCC Back Office/ Overheads recharges	Assessed by NCC as plus 12%	Pro-rata property split of all properties in the Group, including NCH RP externally sourced
>	Business Transformation	Property Pro-rata; Total cost of the NCC HS Business transformation Service divided by the total stock count of NCC and NCH Group, multiplied by NCH Group stock	Pro-rata property split of all properties in the Group, including NCH RP externally sourced
>	NCH-Owned Housing Insurance Policy	Agreed actual costs direct to NCH Group	Pro-rata property split of all properties in the Group, based on who has responsibility to insure in leases, but excluding NCH RP externally sourced
>	NCH nominated staff; lead officers and Temporary Accommodation team	Agreed actual costs direct to NCH Group	Actual costs direct to NCH entity or pro-rata by property numbers for corporate staff

NOTTINGHAM CITY HOMES

REPORT OF THE HEAD OF GOVERNANCE AND
COMPLIANCE AND EXECUTIVE ASSISTANTTHE GROUP BOARD
3 JULY 2024

REGULATORY COMPLIANCE

1 EXECUTIVE SUMMARY

- 1.1 The report details NCH's compliance with the new regulatory framework put in place from 1 April 2024. The Housing Quality Network (HQN) Self-Assessment Tool is being used to evaluate compliance with the new framework. As the majority of NCH's services are provided by NCC it is primarily their performance that is being evaluated. We are sharing the same toolkit spreadsheet with them but undertaking our own evaluation based on the information provided. Our evaluation shows that of the 22 categories in the toolkit a are highly met, 109 are medium and 112 are not met.

2 RECOMMENDATIONS

- 2.1 The Board is asked to **NOTE** and **COMMENT** on the report.

3 REPORT

Introduction

- 3.1 The Social Housing Regulation Act was passed into law in July 2023. The Act was a response to the Grenfell Tower fire in 2017 after which the Government acknowledged that social housing regulation had been inadequate for many years. At the same time the Regulator of Social Housing (RSH) published its 5 housing principles for regulation that it expected providers to comply with

Co-regulatory – landlords are responsible for meeting the regulatory standards, with landlords supporting their residents to shape and scrutinise service delivery, to hold them to account and for understanding their performance, telling the Regulator if they, as landlords, are not meeting a standard (self-reporting)

Proportionate – when assessing whether landlords meet the standards and if regulatory action may be needed, the RSH considers the impact of the issue and whether it is systemic across the landlord as a whole.

Risk-based – the Regulator's regulatory engagement and actions are targeted according to the risk of standards not being met and the impact that this has on the residents of that landlord.

Assurance-based – the RSH will seek assurance from landlords about whether they meet the standards. The responsibility is on landlords to demonstrate their compliance to the RSH against the consumer standards. Where landlords do not provide that assurance, this will be reflected in the judgements reached by the Regulator.

Outcome-focused – the Regulator’s standards set out the outcomes landlords are expected to achieve, but it is up to landlords to decide how those outcomes are achieved.

3.2 The Regulator will use a mixture of consumer inspections, reactive engagement, desktop reviews and data returns to assess providers against the Standards. The Regulator has also developed self-assessment questions which landlords should ask themselves on this theme. These are:

- Do you know what outcomes are being achieved across the diverse spectrum of your residents?
- Do you have the data you need to understand the needs of your residents?
- Do all your residents get fair access to and receive good quality services?
- If different groups of your residents are expressing different levels of satisfaction, do you know why and do you have a plan to address this?

Regulatory Framework

3.3 The RSH has published five new consumer standards that providers will need to meet under the new regulatory framework.

- Safety and quality
- Transparency, influence and accountability
- Neighbourhood and community
- Tenancy.
- Competency and Conduct

Each standard is divided into a range of sub-categories. There is a further standard that has applied since April 2023. This covers the requirement that providers must comply with rules set by the Regulator on the collection and publication of tenant satisfaction measures. From April 2024, this standard forms part of the Transparency, Influence and Accountability Standard.

3.4 The government has also introduced amendments to existing legislation so landlords will have to address urgent issues brought to their attention by residents under so called Awaab’s Law. These provisions address a range of health and safety concerns that residents may face in occupying their homes such as damp, mould and condensation (DMC).

3.5 NCH has undertaken to evaluate its compliance with this new regulatory framework through use of the HQN Social Housing Regulation Toolkit. This toolkit has been designed to follow the standards that the RSH will be using to judge the performance of providers. The Awaab’s Law self-assessment questions against are found mainly in the Safety and Quality section of this toolkit. The toolkit has also been adopted by NCC.

Evaluation Against the Regulatory Framework

3.6 NCH will undertake quarterly evaluations against the standard and report to each Board accordingly. All Group and NCH RP Board members were invited to a Training Day on Regulatory Compliance on 1 February 2024. It was conducted by Damian Roche from HQN. It introduced the Board to the new regulatory framework and what it would be expected to do comply with it. Work has commenced on the x HQN categories within the 5 Consumer Standards below.

1. Safety and Quality (63 HQN Categories)
2. Transparency, Influence and Accountability (83 HQN Categories)
3. Neighbourhood and Community (37 HQN Categories)
4. Tenancy (47 HQN categories)
5. Competency and Conduct (15 HQN Categories)

NCH and NCC have set up a shared spreadsheet with all 245 categories on it and are evaluating their services against this. As the majority of NCH services are provided directly by NCC we have mainly populated the spreadsheet using the NCC outcomes to undertake our own NCH evaluation. We are conducting our own evaluation against the toolkit and challenging NCC outcomes where it is appropriate to do so. NCC's Business Improvement Team are verifying our outcomes. T

- 3.7 Our assessment against each of the Consumer Standards is detailed below along with the NCC equivalent scores. The key for the scores is - H = High. M = Medium and L = Low in terms of how compliance with the category has been met. There are some common themes emerging across each of the categories. For example, you can see that the NCH and NCC scores differ, and that NCH has scored categories lower. This is mainly because in our opinion not enough evidence has been provided to demonstrate that the category has been met, whereas NCC may feel that it has. An update will be provided to Board in September. The current overall position is set out below and the individual Standard scores thereafter.

NCH/NCC Standards Overall

	NCH - CURRENT	NCC - CURRENT
H	22	66
M	109	141
L	112	37
Nil Return	2	1
Total	245	245

Safety and Quality Standard

	NCH - CURRENT	NCC - CURRENT
H	3	16
M	22	35
L	36	12
Nil Return	2	0
Total	63	63

NCH believes that to date only 3 categories of this standard are highly met. Two categories relate to high rise properties of which NCH has none. A significant number of the categories require a full up to date stock condition to be in place. Because this exercise has yet been undertaken NCH has scored 10 of the

categories Low, where NCC has scored some higher because e.g. the work has been procured. It is hoped that this work will be completed in the next few months. In a number of categories NCH has decided that little evidence has been provided to demonstrate full compliance, whereas NCC has marked some of these as Medium or High. An example of this is on e.g whether the safety of residents has been considered in the design of landlord services NCC has marked as a Medium because some work has been done with residents to develop strategy booklets. NCH considered this category as Low because this didn't feel like a strong example. There are also actions for NCH to pick up in this category such as developing an approach to resident engagement.

Transparency, Influence and Accountability Standard

	NCH - CURRENT	NCC - CURRENT
H	8	13
M	30	52
L	45	17
Nil Return	0	0
Total	83	83

This Standard evaluates organisational culture, fairness and respect shown towards residents when delivering services. Our evaluation here found a lot of good intentions but less evidence to demonstrate e.g. that residents have the right level of access to services or are being consulted or that tenant demographics are available and being referenced in service delivery. There was some evidence that resident surveys were being carried out e.g. on performance and complaints, but there was less evidence provided to show that the outcomes from these were being used to assess fair access to services or provide clear communications to residents. Information was available to tenants on the internet, but this didn't necessarily demonstrate that e.g. tenants were well informed. More evidence was also needed to demonstrate that the tenant resources and training show a commitment to resident engagement.

Neighbourhood and Community Standard

	NCH - CURRENT	NCC - CURRENT
H	1	5
M	22	29
L	14	3
Nil Return	0	0
Total	37	37

The NCH Group relies heavily on NCC Housing Services to deliver services under this standard and be able to evidence compliance for NCH and NCH RP estates and services delivered to its tenants. The assessment scores reflect this uncertainty in relation to NCH Group stock at this time. Work also needs to be done to ensure that the Boards are fully sighted on their responsibilities under this standard and are satisfied that these are being effectively discharged by NCC under the Service Contract.

Given the small tenant count, stock size and estate provision, it will be difficult to engage residents in shaping policies and services but we will need to demonstrate the efforts made to engage in this respect. It is similarly difficult to demonstrate effective partnership working purely in relation to NCH stock.

The NCH Group will need to determine if it needs its own ASB and Hate Crime policy.

Tenancy Standard

	NCH - CURRENT	NCC - CURRENT
H	9	28
M	31	15
L	7	4
Nil Return	0	0
Total	47	47

The NCH Group has its own Tenancy Policy, but there is no evidence that it was reviewed as required in 2022. This will be raised with the NCC Tenancy management team. Because of this & the evidence requirements that stem from it, many of the NCC High Assurance assessments have been downgraded to Medium and Medium to Low in the NCH assessment. Many of these should be relatively easily addressed with a policy review, approval of Board and being published on the NCH websites. Improvements in other assessed scores rely on evidence from NCC.

NCH should also decide if it needs its own Allocations Policy or whether the NCC policy can include reference to NCH and NCH RP general needs allocations, of which 100% go to the Council's common housing register.

NCN

Competency and Conduct Standard

	NCH - CURRENT	NCC - CURRENT
H	1	4
M	4	10
L	10	1
Nil Return	0	0
Total	15	15

The category measures e.g. the behaviour and quality of employees providing services, how they are trained and recruited and the values in place across the organisation. We are mainly guided by what NCC's findings are here as it is their staff who working in residents' homes. Again, the NCH assessment differs from that of NCC, mainly because we didn't feel NCC has yet provided sufficient evidence to score them higher. So, for example where NCC has given a medium score for having undertaken a training needs assessment of each staff member, no evidence was provided that this has actually been undertaken. There is also no evidence provided that e.g. of a competency based training program being in place or that recruitment is based on the competencies required by the regulator. NCH will be required to keep the Board informed of

the approach to training taken to comply with the regulatory standard including plans to increase the number of fully qualified staff in the organisation. We also need to consider how we report our own non-compliance to the regulator

4. FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

- 4.1.1 There are no direct financial implications arising from this report. The NCC/ NCH Service Contract provides for NCC to deliver all services to the NCH group, including monitoring of Regulatory Compliance.

4.2 Legal Implications

- 4.2.1 NCH needs to comply with the Social Housing Regulation Act 2023 and the regulatory framework that supports it.

4.3 Risk Implications

- 4.3.1 The risk is that NCH will not comply with regulatory standards. This risk is being included in the Corporate Risk Register.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 5.1 NCH's aim is to comply with all legal and regulatory standards and where this is not the case be able to demonstrate the work being undertaken to achieve this.

6 EQUALITY IMPACT ASSESSMENT

- 6.1 Has the equality impact of these proposals been assessed?
☐ ☒ **No** (this report does not contain proposals for significant changes to process at this stage).(this report does not contain proposals for significant changes to process at this stage).

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

- 7.1 None.

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DATE: 21 JUNE 2024