

**NOTTINGHAM CITY HOMES LIMITED  
GOVERNING BOARD MEETING**



**Date: THURSDAY 24 NOVEMBER 2016**

**Time: 5.40 PM**

**Place: BULWELL RIVERSIDE LIBRARY, MAIN STREET, BULWELL, NOTTINGHAM  
NG6 8QJ**

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:

George Pashley  
Company Secretary

**AGENDA**

			<b>Page No.</b>	<b>Time</b>
<b>1</b>	<b>INTRODUCTORY ITEMS</b>			
1.1	WELCOME			5.40
1.2	APOLOGIES FOR ABSENCE			
1.3	DECLARATION OF INTERESTS			
1.4	MINUTES OF THE MEETING HELD ON 27 OCTOBER 2016	Attached	3 - 8	5.40
1.5	MATTERS ARISING			5.40
<b>2</b>	<b>ITEMS FOR DISCUSSION AND DECISION</b>			
2.1	2017/18 BUDGET STRATEGY Report of the Director of Investment and Business Services	Attached	9 - 16	5.45
2.2	QUARTER TWO PERFORMANCE SUMMARY 2016/17 Report of the Performance Manager, Business Improvement and Development	Attached	17 - 20	6.00
2.3	CORPORATE RISK REGISTER – RISK APPETITE Report of the Head of Risk Management	Attached	21 - 27	6.15
<b>3</b>	<b>ITEMS TO NOTE</b>			
3.1	2016/17 FINANCE REPORT – PERIOD 6 (SEPTEMBER 2016) Report of the Assistant Director of Finance and Procurement	Attached	28 - 33	6.25

3.2 COMPANY SECRETARY'S REPORT  
Report of the Company Secretary

Attached 34 - 36 6.35

**4 CLOSING ITEMS**

4.1 ANY OTHER BUSINESS

4.2 DATE OF NEXT MEETING – 26 JANUARY 2016

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 the Company Secretariat on 0115 746 9485. This agenda was issued by email on 17 November 2016

Distribution List:

All Board Members:

Alex Ball, Dave Bennett-Bull, Bill Blincoe, Scott Campbell, Anne Dean, Glenn Harris, MBE, Patience Ifediora, Mike Khouri-Bent, Julian Owen, Sarita-Marie Rehman-Wall, Michael Savage Malcolm Sharp, MBE and Steve Young.

All EMT Members

Report Authors:

Darren Phillips, Ian Rabett.

**NOTTINGHAM CITY HOMES LIMITED**

**THE BOARD**

**MINUTES** of the **PUBLIC MEETING** held on **27 OCTOBER 2016** at the Meadows Library, Wilford Grove, Nottingham, NG2 2DR

**Board Members**

Dave Bennett-Bull  
Anne Dean  
Glenn Harris, MBE  
Patience Ifediora  
Mike Khouri-Bent  
Julian Owen  
Sarita-Marie Rehman-Wall  
Michael Savage  
Malcolm Sharp, MBE (Chair)  
Steve Young

**Also in Attendance:**

Emily Braham (for Item 8)	Head of Sustainable Energy
Chris Culleton	Director of Repairs and Maintenance
Cathy Dobb (Minute taker)	Head of Governance
Tom Mouldsdale (Observer)	Governance Officer
Gill Moy	Director of Housing and Customer Services
Nick Murphy	Chief Executive
George Pashley	Company Secretary
Jonathan Shaw	Director of Investment and Business Services

**1 WELCOME, INTRODUCTIONS & CHAIR'S ANNOUNCEMENTS**

Chair opened the meeting and welcomed Board Members.

**2 APOLOGIES FOR ABSENCE**

Apologies were received from Alex Ball, Bill Blincoe and Scott Campbell.

**3 DECLARATIONS OF INTEREST**

None declared.

**4 ITEMS FROM THE CHAIR**

None.

## **5 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 29 SEPTEMBER 2016**

These were agreed as a true record. The Chair signed the minutes.

## **6 MATTERS ARISING**

- 6.1 Under minute number 8.3 with regard to the cost of the assessments for Pay to Stay requirements, clarification was sought regarding the Government's progress in implementing this. The Chief Executive stated that Regulations have yet to be laid before Parliament. The Government's implementation date is still potentially April 2017, which means that Nottingham City Homes (NCH) is required to work on rent setting before the implementation date.
- 6.2 Under minute number 7.11, thanks were given to those Board Members who attended the Staff Conferences on the 11 and 12 October 2016.

## **7 COMPANY SECRETARY'S REPORT**

### **7.1 REVIEW OF GOVERNANCE ARRANGEMENTS**

- 7.1.1 The Company Secretary introduced the report by stating that Members met in September to greet the new Chair and discuss the overall Board management and support for the coming year. A refresh of the following areas was agreed:
- Board and Committee papers to include putting decision making items first on the agenda, a stronger executive summary and circulation list on the agenda. This will be trialled at the November Board Meeting;
  - Board Member IT including options around a Board portal and electronic Board papers. Board Member IT requirements will also be evaluated on an individual basis;
  - Board Appraisals to include clearly defined training requirements and input from EMT members. A Board buddying system is in place for new members.

### **RESOLUTION:**

#### **The Board agreed:**

- 1. To note the actions from September's meeting.**

### **7.2 NOTTINGHAM CITY HOMES ENTERPRISES LIMITED (NCHEL)**

- 7.2.1 The Company Secretary stated that the first two Board Meetings of the NCHEL subsidiary have taken place over the past three months.
- 7.2.2 He stated that with regard to the composition of the Subsidiary Board at a previous Away Day, the Governing Board previously decided that this would consist of all EMT members until further notice. This decision needed to be formally minuted by the Governing Board. EMT members have been registered as Board Members of NCHEL with Companies House and will automatically resign their membership on

leaving the Company. Job Descriptions for EMT members will be adapted to reflect this change.

### **RESOLUTION:**

**The Board agreed:**

- 1. To note the report.**
- 2. That the NCHEL Board is made up of all EMT members who will automatically resign their membership upon leaving the Company.**

## **8 ENVIRONMENTAL STRATEGY 2016 – 2021**

- 8.1 The Head of Sustainable Energy introduced the report by stating that the paper presents the draft Environmental Strategy 2016 - 2021 for NCH. The Environmental Strategy sets out our direction for reducing fuel poverty and making our business and homes more environmentally sustainable. By taking the actions in the Environmental Strategy we can potentially reduce future costs and improve the overall sustainability of our business.
- 8.2 She stated that the main points in the Strategy are the health and wellbeing of tenants and staff by providing assistance to become more efficient and also to plan for longer term efficiencies. By 2050 our homes should be zero carbon rated and we are also linking with other housing providers and local authorities nationally to explore new approaches to retrofitting.
- 8.3 It will be a challenge to reach Energy Performance Certificate (EPC) A and we need to be flexible in order to achieve this. Pilot schemes will be undertaken in order that by the review date in 2020, we will know the most efficient and effective way to achieve these goals. The Head of Sustainable Energy stated that they were also looking to achieve a 10% saving on energy consumption.
- 8.4 Board Members discussed how the Right to Buy scheme (RTB) could impact on this programme and whether any outlay could be recouped if a property was sold under RTB. The Head of Sustainable Energy stated that we could review whether we could treat these properties the same as we can for new builds, i.e. protection for 10 years. It was acknowledged that the closer to obtaining a zero carbon rating a property gets, the higher the cost, which could mean that houses that need a lot of work to achieve this standard could, in theory, be undervalued if sold. Brexit would also mean that European funding will no longer be available.
- 8.5 Board Members were informed that the roll out of ISO 14001 would be take place when the move from the Beechdale site to the Harvey Road site has been completed. It was confirmed that it is currently in operation at the Harvey Road site but has yet to be rolled out across other sites. The Head of Sustainable Energy will provide Board with an update when this has occurred.
- 8.6 Board Members discussed Switch and Save and Robin Hood Energy, and it was confirmed that NCH does not act as an agent or endorse any provider, but it can provide advice. Should a tenant express an interest in Robin Hood Energy, their details are passed to the provider. Robin Hood Energy also informs tenants if they cannot save them any money by switching to them. Should this occur, the tenant

can then be directed to the Switch and Save Team.

- 8.7 Board Members were informed that a report will come to Board at a later date detailing how NCH proposes moving from Silver Standard to Gold Standard in 2018 and how much investment will be required. Board Members can also assist with achieving this standard by taking the Sustainability E-Learning module and the Head of Sustainable Energy would welcome Board Member suggestions on efficiency savings. There is also an opportunity for Board Members to be Energy Champions for NCH.

### **RESOLUTION:**

**The Board agreed:**

- 1. To approve the Strategy and for it to be signed off by the Chair of the Board, once inputs from Board Members and Councillors have been incorporated.**

## **9 ANNUAL OD PERFORMANCE MANAGEMENT UPDATE 2015-16**

- 9.1 The Company Secretary introduced the report by stating that the report breaks down all NCH employees in terms of their diversity for the period April to March 2015 and 2016.
- 9.2 He stated that NCH had over the past few years reduced some of the benefits that employees received such as redundancy pay in response to reducing budgets.

We have been consulting on the new Organisational Development Strategy which as four key strands to it; Customer Focus and Culture, Empowerment and Engagement, Flexibility and Agility and Team Management. There has also been a change in the HR service with creation of a new OD Team and appointment of new staff.

- 9.3 The Company Secretary took Board Members through the sickness absence details and stated that there has been an increase. More sickness absence training with managers will also be undertaken. He confirmed that long term absence is primarily with Craft Operatives due to the nature of their work and the age range. Also, some of their terms and conditions currently make it more profitable to be off sick than be at work. Changes to these terms and conditions are currently being negotiated and consulted on.
- 9.4 Board Members discussed sickness absence and that the cost is between £750k and £1m per annum. Board Members discussed the main reason for sickness absence, such as muscular skeletal problems and stress related absences. NCH is currently offering resilience training to staff to mitigate this issue. Updated Management information means that managers that are not managing sickness absence and completing return to work interviews can now be identified. Board Members discussed the current NCH terms and conditions and whether they need to be reassessed. NCH confirmed that the terms and conditions are the same as Nottingham City Council (NCC) and that other organisation with the same terms and conditions had reduced their sickness absence levels.

- 9.5 Board Members discussed that the demographic makeup of NCH does not reflect the demographic of Nottingham City, or what the post are across the management structure. NCH has set up an Equality and Diversity Steering Group who will be looking at Positive Action measures and to join the Future Leaders campaign and provide coaching and mentoring to address this issue. The Company Secretary stated that he would bring back a report to Board in the New Year.

**RESOLUTION:**

**The Board agreed:**

1. To note the contents of the report.
2. To report back on a quarterly basis.

**10 NATIONAL FEDERATION OF ALMOS MEETING ON 4 OCTOBER 2016 UPDATE**

- 10.1 Michael Savage gave Board Members an update from the last National Federation of ALMOs event. The event discussed ALMOs still being able to provide affordable housing, and that the Barnet Housing Group are not offering pensions as part of their terms and conditions. They have created a company, Flex, to take on work outside of the group, such as school maintenance contracts and beach cleaning. The Company Secretary agreed to investigate this further.

Brent Housing Partnership also has a Tenant Academy and now has three tenant Board Members through this route. Derby Homes also have a young Board Member, who is undertaking work with Junior Wardens around anti-social behaviour.

The event also advised Board Members to have their Board Member 'hat' on in meetings and not to bring individual issues.

**RESOLUTION:**

**The Board agreed:**

1. To note the content of the report.

**11 FEEDBACK FROM AUDIT COMMITTEE**

- 11.1 The Chair of the Audit Committee updated Board Members on the Audit Committee meeting held on 12 October 2016. He stated that this was the first meeting that had had an in-depth review of agreed areas of the Corporate Risk Register including Business Leadership and Business Continuity. He stated that the new format is seeing improvements and that there are no significant risk issues identified so far. He stated that the Market Rent arm and the Registers Provider may need to be monitored continuously. There were four internal audit reports; Highwood House, Repairs Services, Equality and Diversity and Right to Buy. All achieved significant assurance from the internal auditors.

**RESOLUTION:**

**The Board agreed:**

**1. To note the update from the Audit Committee.**

**12 ANY OTHER BUSINESS**

None.

**13 DATE OF THE NEXT MEETING**

**The next scheduled meeting will be on the 24 November 2016.**

**The meeting closed at 18:38**

**SIGNED..... DATE .....**



## NOTTINGHAM CITY HOMES

### REPORT OF THE DIRECTOR OF INVESTMENT AND BUSINESS SERVICES

**THE BOARD**  
**24 NOVEMBER 2016**

#### 2017/18 BUDGET STRATEGY

#### 1 EXECUTIVE SUMMARY

- 1.1 This report provides Board with an update on Nottingham City Homes' (NCH) strategy for the 2017/18 budget. There continues to be significant pressure on the City Council's Housing Revenue Account (HRA) which funds the majority of NCH's activities, and hence NCH's fees are set to fall next year in contrast to significant cost pressures on expenditure budgets that have been identified. The return NCH makes to the City Council is also expected to increase next year too and the overall budget gap is estimated to be between £2.7m and £3.9m.
- 1.2 The Company is currently undertaking its 2017/18 Team Planning process which requires each area to establish 5% and 10% budget saving proposals. NCH also has capacity and is planning to significantly grow its in-house property services, in-sourcing work and work delivered on behalf of the City Council and others. It is anticipated that budget savings and growth of NCH's commercial agenda shall enable a balanced 2017/18 budget to be set.
- 1.3 The final 2017/18 Budget will be reported to Board in February 2017 for approval.

#### 2 RECOMMENDATIONS

- 2.1 It is recommended that the Board **consider** the content of the report and **approve** the 2017/18 budget strategy.

#### 3 REPORT

##### 3.1 2017/18 Budget Context

- 3.1.1 NCH operates with an annual turnover of just over £60million this financial year. The City Council's Housing Revenue Account (HRA) and Capital Programme continue to fund the majority of NCH's annual income – as shown in the table below together with the related expenditure.

2016/17 NCH BUDGET	Original £'000	Latest £'000
<b>Income</b>		
HRA Management Fee	22,505	22,516
HRA Repairs & Maintenance	27,260	27,260
HRA Capital - Fees	2,575	2,575
HRA Capital - Works	5,312	6,847

Other Income	3,159	3,959
<b>TOTAL</b>	<b>60,811</b>	<b>63,157</b>
<b>Expenditure</b>		
Pay	33,874	34,829
Non-Pay	26,782	28,173
Unallocated Surplus	155	155
<b>TOTAL</b>	<b>60,811</b>	<b>63,157</b>

3.1.2 The HRA Medium Term Financial Plan (MTFP) agreed by the City Council in February 2016, sets out the proposed income and expenditure budgets for 2016/17 and is informed by the HRA 30 Year Business Plan. NCH Fees in the current plan, and as per delegated decision during the year, are set out in the table below:

<b>DESCRIPTION</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>
Management Fee	22,516	22,516
Repairs & Maintenance Fee	27,260	27,260
	<b>49,776</b>	<b>49,776</b>

It should be noted that the table above shows that the initial MTFP proposed to keep NCH's HRA fees at the same level next year.

3.1.3 The current financial year is the first in which Local Authority HRA rents have been reduced by 1% and the same annual reduction shall be applied in each of the next 3 years. Although this is reflected in the City Council's MTFP, Government welfare reforms and initiatives continue, or are expected to in the coming year, put further pressure on the level of HRA income. The main impacts are:

- Reduction in HRA stock through annual Right to Buys sales;
- Continued roll-out of Universal Credit for new benefit applicants;
- Roll-out of Universal Credit for legacy tenants (may not commence in Nottingham until 2018/19);
- Introduction and administration of Pay to Stay;
- Proposed sale of 'High Value' HRA stock; and
- LHA changes and benefits cap (January 2017).

3.1.4 NCH is working closely with the City Council to ensure the NCH and HRA 2017/18 budget setting processes are aligned, plans are consistent and the HRA MTFP and 30 year Business Plan are updated to reflect both the impact of welfare reform changes and robust assumptions. In lieu of the final updated MTFP, the table below sets out the reduction in the Company's HRA revenue fees currently proposed by the City Council in order to re-balance the HRA:

<b>DESCRIPTION</b>	<b>2017/18 Initial</b>	<b>2017/18 Latest</b>	<b>Fees Reduction</b>
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	£'000	£'000	£'000
Management Fee	22,516	22,348	168
Repairs & Maintenance Fee	27,260	27,147	113
	<b>49,866</b>	<b>49,495</b>	<b>281</b>

3.1.5 In addition to HRA fees, NCH receives income to manage schemes within the HRA capital programme on behalf of the City Council. The 2017/18 HRA capital programme currently totals £58.8million and includes NCH capital fees, allocated across all schemes, of over £2.3million which is a reduction against the current year of £230k. The capital programme also continues to include £5.3million to fund capital works delivered in-house by NCH's Repairs and Maintenance Team.

3.1.6 NCH's current budget includes a small surplus of £0.155 million in addition to setting aside £4million to fund an in-year allocation of £1.5million to new build/acquisition reserves (to increase our own stock) and provide a refund of £2.5million to the City Council. The City Council is proposing that the refund is increased by £1million from £2.5million this year to £3.5million in 2017/18 (see 2<sup>nd</sup> table in Appendix 1).

3.1.7 Detailed work is being undertaken as part of the Company's 2017/18 Team Planning process to identify all other costs pressures and income/funding changes that will impact on NCH's 2017/18 budget. To inform the budget strategy though, the table in Appendix 1 sets out the high level cost pressures currently anticipated. These costs pressures are set out in 3 columns to show estimates of (1) 'Optimistic'; (2) 'Realistic'; and (3) 'Pessimistic' scenarios. . The savings required range from:

	Optimistic	Realistic	Pessimistic
<b>Budget Shortfall / Savings</b>	<b>2,492</b>	<b>3,135</b>	<b>3,656</b>
<b>Savings % of Team Plan Budgets</b>	<b>5.0%</b>	<b>6.1%</b>	<b>7.2%</b>

3.1.8 Establishing a balanced and achievable 2017/18 budget will be extremely challenging for the Company given the fact that, as set out above:

- i) Income through fees is falling;
- ii) City Council refund is proposed to significantly increase; and
- iii) Initial cost pressures identified include some large one-off increases.

Appendix 1 provides a summary of the budget challenge facing NCH in the 2017/18 financial year, split by the 3 scenarios outlined in 3.1.7 above.

## 3.2 **2017/18 NCH Budget Setting Preparation**

### 3.2.1 Team Planning

3.2.1.1 The compilation of annual team plans and budgets are integrated into one process so that plans setting out how service areas will deliver against the goals and objectives in the Corporate Plan are aligned with the resources required to do so. This includes a Priority Based Budgeting (PBB) approach which involves costing, evaluating and ranking team priorities. As adopted in 2016/17, the budget strategy requires all 2017/18 team plans to set out proposals for 5% and 10% savings on their recurrent expenditure budgets and explain both how these would be achieved

and any impact on services.

3.2.1.2 To ensure the budget challenge is managed effectively and a balanced budget is achieved for 2017/18, the Company's Team Plan and Budget setting process was brought forward this year and commenced in August.

3.2.1.3 In addition to savings proposals Team Plans also require service areas to identify cost pressures and/or additional spend identified as required to achieve team and corporate objectives. The Company recognises that it is important that initiatives identified in plans are ambitious but also that they are affordable and realistic. Given the overall budget challenge faced by the Company, managers and directors shall more than ever, need to ensure that budget proposals demonstrate Value for Money (VFM) and represent the best use of the company's resources.

### 3.2.2 Commercial Growth

3.2.2.1 NCH continues to identify and develop new business activities as reflected in its Corporate Plan's objective. The Company has grown the delivery of these services in 2016/17 in relation to homes for market rent, homes for homeless families, Direct Labour Organisation (DLO) insourcing work, DLO garage sites, new build and Assistive Technology. Consultation is underway to transfer the Adaptations and Renewals Agency team across to NCH from the City Council. The Telecare Team shall be moving to Nottingham On Call also.

3.2.2.2 New business activities are important to ensure the Company is progressively expanding and growing its activities to counter act the impact of having to reduce budgets in response to reducing HRA income. NCH still has great capacity to grow its in-house property services, undertake more in-sourcing of work (which is currently contracted out), deliver more work on behalf of the City Council and, potentially, work for other property owners. The growth of our commercial agenda shall increase the Company's turnover in 2017/18 and in subsequent years.

3.2.2.3 It is proposed to increase insourcing to circa £10m with a surplus of £400k. This is comprised of:

- a) increasing volumes of work we already doing;
  - i. Aids and adaptations,
  - ii. Electrical work,
  - iii. Heating works,
  - iv. General support trades currently sub-contracted,
  - v. New builds,
  - vi. NCC corporate works.
- b) New Works to commence next year;
  - i. Re-roofing programmes,
  - ii. Kitchen and Bathroom renewal team and installation.

Financial projections are included at the bottom of Appendix 1.

### 3.3 Company Subsidiaries

3.3.1 Last year the Company set up two subsidiary Companies. The first shall be a

Registered Provider (RP) to host NCH's Church Square affordable housing new build properties, and the other for Market Rented activities. Planned to go live over the course of the next financial year, budgets for these subsidiaries shall be separated from the Company's overall budget when the Companies go live. Financial performance monitoring and reporting shall also be separated for these activities to ensure the appropriate support for the Governance structures. Financial arrangements between the Companies shall be maximised to ensure the most effective use of resources e.g. inter group lending from the main company to the subsidiaries from reserves.

### 3.4 **Next Steps**

3.4.1 The Team Plan process shall ensure that the 2017/18 budget reflects the Company's Board approved budget strategy. The savings scenarios of 5% and 10% shall ensure that the budget can be balanced in 2017/18. Draft budget proposals and savings scenarios are currently being considered by Directorate Management Teams and shall be reviewed by EMT this month. The final NCH budget for the 2017/18 financial year shall subsequently be reported to the Board for approval in February 2017.

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

### 4.1 **Financial Implications**

4.1.1 The main financial implications are set out above in this report. VFM is an intrinsic part of NCH's 2017/18 budget strategy and will be demonstrated through the following:

- Review and challenge of existing budgets to identify 5% and 10% savings scenarios;
- Prioritisation of budget allocations to activities which contribute the most to Company objectives;
- Establishment of new income streams through targeting new business opportunities and additional activities; and
- Continued targeting of in-year surpluses to invest in new build properties and acquisitions.

### 4.2 **Legal Implications**

4.2.1 There are no direct legal implications of this report, although it should be noted that HRA funds provided to NCH as part of the partnership agreement are expended on services which fulfil the requirements of the terms of the agreement. The budget strategy assumes that NCH's other activities are funded through other non-HRA income streams.

### 4.3 **Risk Implications**

4.3.1 The risks and key assumptions underlying the 2017/18 budget strategy are as follows:

- Employees will receive a pay award of 1% in 2017/18;
- Team Plans shall identify savings proposals in excess of those required to set a balanced 2017/18 budget and shall contribution to further year HRA

fee reductions;

- The final 2017/18 HRA fee proposals are yet to be established and confirmed by the City Council;
- Full impact of Government's budget announcement and Welfare Reform Bill on anticipated income levels and assumptions in the 30 year HRA Business Plan may give rise to the need to further reduce NCH's fees;
- Further changes to HRA Capital schemes may result in a reduction to NCH's Capital Fees;
- Agreement of Service Level Agreements (SLAs) and Insurance charges with the City Council; and
- Reserves set aside for future liabilities and charges are sufficient to provide for the impact of the related ongoing and future events.

4.3.2 NCH will seek to identify possible further savings and budget reductions during the 2017/18 financial year to help mitigate the risks above. A key driver of further savings will be the further exploration of joint working arrangements with the City Council and the sharing of savings delivered or surpluses achieved. Where budget targets are exceeded it is proposed as part of NCH's budget strategy, that surpluses shall be used to build more new homes and/or fund 'invest to save' initiatives where there is a sound and robust business case and return on investment.

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

5.1 A robust financial budget and effective monitoring process to ensure the budget is tightly managed and controlled is essential to support the achievement of all the Company's objectives.

## **6 EQUALITY AND DIVERSITY IMPLICATIONS**

6.1 Has the equality impact of these proposals been assessed?

Yes (EIA attached)

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 2016/17 HRA Executive Board Budget Report & MTFP (City Council)

7.2 2017/18 NCH Budget: Cost pressures & Budget challenge – [Appendix 1](#)

**Contact officers:** Name: Darren Phillips – AD of Finance & Procurement  
Address: Loxley House, Station Street, Nottingham NG2 3NJ  
Tel: 0115 746 429  
E-mail: darren.phillips@nottinghamcityhomes.org.uk

**Date: 11 November 2016**

## 2017/18 NCH BUDGET

### HIGH LEVEL COST PRESSURES (SCENARIOS)

DESCRIPTION	(1) £'000	(2) £'000	(3) £'000
Pay Award (1%)	339	339	339
Employee Budget pressures	651	691	711
Employer Pension – fixed	23	23	25
Employer Pension – variable	0	242	484
Administration of Pay to Stay *	207	258	308
Increase in rent collection transaction costs – Universal Credit	2	5	17
Apprenticeship Levy **	97	100	104
NCC Adult Mental Services SLA	0	40	40
Utilities	22	43	86
Rents & Rates	10	20	30
Market Rented Arm	48	63	80
NCH New Build Loans	54	92	123
NCC SLA / Insurance charges	0	50	100
IT Hardware replacements	15	45	75
Tax Loss on New Activities	0	10	20
<b>TOTAL</b>	<b>1,468</b>	<b>2,021</b>	<b>2,542</b>
Recharge to HRA / additional Fee *	(207)	(258)	(308)
<b>NET TOTAL</b>	<b>1,261</b>	<b>1,763</b>	<b>2,234</b>

### SUMMARY OF BUDGET GAP / CHALLENGE

DESCRIPTION	(1) £'000	(2) £'000	(3) £'000
Current Budget Surplus ***	(155)	(155)	(155)
Increase in Refund to City Council	1,000	1,000	1,000
Reduction in HRA Fees ****			
- Management	168	168	168
- Repairs & Maintenance	113	113	113
- Capital	230	371	421
Initial Costs Pressures	1,261	1,763	2,234
<b>Budget Shortfall / Savings</b>	<b>2,617</b>	<b>3,260</b>	<b>3,781</b>
<b>Savings % of Team Plan Budgets</b>	<b>5.4%</b>	<b>6.6%</b>	<b>7.7%</b>

## PROJECTIONS FOR BUSINESS GROWTH

DESCRIPTION	2016/17 £'000	2017/18 £'000
NCC Corporate Works	1,060	1,650
DLO New Build *	1,535	6,042
Aids & Adaptations	-	1,000
Domestic Programmed Works (e.g. kitchen & bathroom installations)	-	2,860
Electrical Installations (Certificate Reports)	-	563
General DLO support trades (currently sub-contracted)	-	900
DLO Repairs & Maintenance for Schools	-	38
	<b>2,595</b>	<b>13,053</b>

### Notes:

\* - 'reasonable' administration costs can be deducted from additional rent charged and collected, but it is unclear how this will be calculated & formula/allowance is unlikely to cover actual costs. The net costs incurred by NCH will be recharged to the HRA or added to Management Fee, as shown above.

\*\* - The gross cost of the apprentice levy is anticipated to be around £170k, but some budget savings should be achievable where new training and investment can be supported by the scheme.

\*\*\* – assumes that the contribution to reserves (£1.5m) & refund to the City Council (£2.5m) included in the existing base budget continue next year.

\*\*\*\* – final fees yet to be formally confirmed by the City Council.

# – 2016/17 reflects forecast in relation to DLO build on NCC garage sites and 2017/18 is based on a new team building 50 units p.a.



## NOTTINGHAM CITY HOMES

### REPORT OF THE PERFORMANCE MANAGER, BUSINESS IMPROVEMENT AND DEVELOPMENT

THE BOARD  
24 NOVEMBER 2016

#### QUARTER TWO PERFORMANCE SUMMARY 2016/17

#### 1 EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide the Board with an overview of NCH's progress against the key performance indicators identified in the Corporate Plan.

1.2 The Customer Excellence Panel (CEP) meeting is on Thursday 17 November 2016. Due to this timing, their comments can be fed back verbally to Board but unfortunately not included in the report.

The main items to bring to the Board's attention are:

1.3 Overall customer satisfaction has dropped, as has satisfaction with several other areas. The quarter three STAR survey format will be amended to allow for better analysis of the reasons for any drop.

1.4 Performance is below target but showing long term improvement in relation to void property management, Anti-Social Behaviour (ASB) customer satisfaction and staff sickness levels.

1.5 Our average property energy efficiency rating is now 'C' for the first time and gas servicing performance continues to achieve 100% safety compliance.

#### 2 RECOMMENDATIONS

It is recommended that the Board:

2.1 **Note** the contents of the report and that quarter two performance will have been considered in detail by the CEP.

2.2 **Consider** the main findings and implications for Nottingham City Homes (NCH).

#### 3 REPORT

3.1 As per the approach previously agreed by Board; detailed monitoring of NCH's performance against these key performance indicators (KPIs) is carried out by the CEP, with the summary report presented to Board. The summary of performance up to the end of quarter two is attached as

Appendix 1. The full, detailed report was circulated separately to Board on 16 November 2016.

- 3.2 Although Board members have previously agreed that the summary report only would be tabled at Board meetings, the full report is circulated to Board members separately as it explains the reasons behind current performance and details the range of actions being taken to maintain or improve performance levels.
- 3.3 Performance targets have, in most cases, increased for 2016/17 and are much more challenging in order to move us towards top ten levels of performance.
- 3.4 Having achieved a record high at the end of 2015/16, overall customer satisfaction dropped during quarter two and now stands at 86.83%. The reasons for this are not immediately obvious as customers responding to the STAR survey are not asked to specify reasons for dissatisfaction. The quarter three survey will introduce the option for customers to explain their reasons for dissatisfaction on a question-by-question basis. This will allow for more detailed analysis of the survey. An example of the format of the additional survey question is shown below:

Taking everything into account, how satisfied or dissatisfied are you with the service provided by NCH?

Very satisfied       Fairly satisfied       Neither       Fairly dissatisfied       Very dissatisfied

If you are dissatisfied with the service provided by NCH please tell us why.

- 3.4.1 We will work to improve customer perception of NCH, by effective use of communications to advertise the multi-million pound investments we are making to improve tenants' homes and neighbourhoods.
- 3.5 Satisfaction with the ASB service is just below target but is significantly better than last year's performance level. The average energy efficiency rating of NCH homes is now a 'C' for the first time. Gas servicing performance continues to be outstanding, achieving 100% compliance. Empty homes continue to be re-let more quickly and the number of lettable voids is lower than any previous outturn.
- 3.6 Areas where we need to improve this year include managing staff sickness levels which worsened in the last quarter, although the long-term trend is one of improvement. We are making progress in important areas of new business such as delivering market rented properties and building new homes, but need to accelerate this progress to hit the targets we have set for 2018.

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

### **4.1 Financial Implications**

4.1.1 There are no financial implications arising from this report.

4.2 Legal Implications

4.2.1 There are no legal implications arising from this report.

4.3 Risk Implications

4.3.1 There are no risk implications arising from this report.

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

5.1 The Corporate Plan KPI set shows how well we are delivering the company vision and goals contained within the Plan.

**6 EQUALITY AND DIVERSITY IMPLICATIONS**

6.1 Has the equality impact of these proposals been assessed?

Yes (EIA attached)

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 NCH quarter two 2016-17 performance report summary – Appendix 1.  
NCH quarter two 2016-17 performance report  
NCH Corporate Plan 2015-2018.

**Contact officers:** Jonathan Weller  
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**Date: 16 November 2016**

## Summary – Corporate Plan Performance

### Quarter Two 2016-17

#### To be a first class housing organisation in the eyes of our tenants and leaseholders

	2016/17				
	Result	Target	Status	Trend	Top 10%
Overall satisfaction with services provided by NCH (STAR survey)	86.83%	91%			93%
Tenant satisfaction NCH takes their views into account (STAR survey)	76.25%	77%			81%
Tenant satisfaction with the repairs and maintenance service (STAR survey)	83.5%	89%			91%
% of repairs completed right first time	94.43%	94%			98%
Tenant satisfaction with the overall quality of their home (STAR survey)	85.99%	90%			91%
Average energy efficiency rating of our properties	C	C			C
Gas and solid fuel annual servicing	100.00%	100%			100%
% of rent collected	99.58%	100%			100%
Rent arrears as a % of rent due	2.47%	2%			1.32%
Full average re-let time - no exclusions	40.85	35			-
Number of lettable voids	189	186			-

#### To be a major player in transforming the quality of life in our neighbourhoods

	2016/17				
	Result	Target	Status	Trend	Top 10%
Tenant satisfaction with neighbourhood as a place to live (STAR survey)	83.9%	90%			92%
Tenant satisfaction with the ASB service	84.78%	85%			-
% of neighbourhood assessments meeting 4 star ACE Inspector rating	40%	60%			-

#### To be a great place to work, widely respected as an efficient and professional organisation

	2016/17				
	Result	Target	Status	Trend	Top 10%
Tenant satisfaction with value for money of rent (STAR survey)	83.89%	88.5%			90%
% of employees who would recommend NCH as a good employer to work for	75.72%	80%			95%
Staff sickness - average number of days	11.5	9			5.3

#### To generate new business, securing income to reinvest in Nottingham and our communities

	2016/17				
	Result	Target	Status	Trend	Top 10%
Number of new homes completed by 2018	136	169			-
£ value of the council's capital programme delivered	£25.4m	£26.4m		N/A	-
Increase the number of private customers using Community Alarm	1,666	1,720			-
Increase the number of new Assistive Technology users	7,500	7,734			-
Number of new market rent properties delivered	32	40			-

## NOTTINGHAM CITY HOMES

### REPORT OF THE HEAD OF RISK MANAGEMENT

THE BOARD  
24 NOVEMBER 2016

### CORPORATE RISK REGISTER - RISK APPETITE.

#### 1 EXECUTIVE SUMMARY

- 1.1 Board has asked for clarity regarding our definition of risk appetite and for a revised recommendation on how it should be set.
- 1.2 We define risk appetite as “the extent to which Nottingham City Homes (NCH) is prepared to tolerate risk and take on additional risk in order to achieve its objectives”
- 1.3 It’s not always healthy to be risk averse, especially when looking at developing new business, and Board has previously agreed that different appetites should be set for different types of risk: we therefore recommend that the following paragraph is added to the Risk Management Framework:

“The Board recognises that managing risk is different to being risk averse. The Board has agreed that its risk appetite is dependent on the nature of the risk. The Board has an extremely low risk appetite for matters which affect the health and safety of employees and residents and that most other strategic risks should be managed to as low a level as is reasonably practicable. The Board however recognises that a degree of flexibility is desirable to allow Nottingham City Homes to effectively pursue new business opportunities and to make plans within an uncertain financial environment – subject to being aware of the risks involved and the actions in place to mitigate them, the Board has a higher risk appetite for business development and financial planning.”

#### 2 RECOMMENDATIONS

- 2.1 It is recommended that Board **accepts** the insertion of the paragraph reproduced at paragraphs 1.3 and 3.4 into our Risk Management Framework.

#### 3 REPORT

- 3.1 Board approved our Risk Management Framework in January this year. Risk appetite is defined in the framework as “the extent to which NCH is prepared to tolerate risk and take on additional risk in order to achieve its objectives”. Board has previously agreed that different risks may require different risk appetites. For example, Board may choose to be more risk averse towards health and safety and employee engagement risks than towards financial and development risks.
- 3.2 There are nine risks in the corporate register as follows:

1. Strategic Leadership

2. Financial
3. Health and Safety
4. Business Continuity
5. Relationships with Customers & Key Stakeholders
6. Employee Engagement
7. Changes in Policy or Legislation
8. Information & Communications Technology [ICT]
9. Business Development.

These are further broken down into 44 sub risks. Our original recommendation was that Board set their risk appetite for each sub risk, but this was considered impracticable, as sub risks are likely to change relatively quickly, and some may be absolutely outside our control.

3.3 A better approach would be for Board to state their approach to the risks in the Corporate Risk Register in general terms. This helps company officers to determine whether or not internal controls are sufficient, and provides direction about the level of risk that can be taken when making decisions.

3.4 We therefore recommend that Board adopts the following statement of risk appetite, which would then be added to our Risk Management Framework:

“The Board recognises that managing risk is different to being risk averse. The Board has agreed that its risk appetite is dependent on the nature of the risk. The Board has an extremely low risk appetite for matters which affect the health and safety of employees and residents and that most other strategic risks should be managed to as low a level as is reasonably practicable. The Board however recognises that a degree of flexibility is desirable to allow Nottingham City Homes to effectively pursue new business opportunities and to make plans within an uncertain financial environment – subject to being aware of the risks involved and the actions in place to mitigate them, the Board has a higher risk appetite for business development and financial planning.”

3.5 Each risk in the Corporate Risk Register is scored by assessing its likelihood and impact and given a current and target risk score, using the tables reproduced at [Appendix 1](#).

- The **current** risk score indicates the level of risk at the time of writing, i.e. taking into account internal controls that are already in place.
- The **target** risk score anticipates the level of risk when all planned internal controls are in place.

The charts at [Appendix 2](#) show the aggregated current and target risk scores for each of the risks in the Corporate Risk Register.

3.6 Target scores are a useful indicator that risks are being managed within the appetite set by Board, but are not necessarily the same. For example, while Board may be less averse to taking risks related to developing new business than in other areas, the target score for this risk is presently LOW. This does not mean that the company is being too risk averse in its approach - it simply means that we have a robust approach to managing new business opportunities in general.

3.7 Our process for managing new business opportunities is explained in our Business Development Strategy; the reason why we have a LOW risk score in this area is because we have a robust system to manage these

opportunities. New opportunities are, however, assessed individually using a business opportunities matrix, and it is this process that the Board's risk appetite is most relevant to. Thresholds for decision making are also included in this strategy, so that new opportunities are considered and assessed at the right level.

- 3.8 Our Risk Management Framework and Corporate Risk Register are matters reserved for Board, and the risks in the Corporate Risk Register are monitored by Board at high level. Audit Committee reviews these risks in detail in order to provide assurance to Board, and risks are also audited by Nottingham City Council (NCC) as part of our internal audit programme.

## 4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

### 4.1 Financial

- 4.1.1 There are no financial implications attached to this report.

### 4.2 Legal

- 4.2.1 There are no legal implications attached to this report.

### 4.3 Risk

- 4.3.1 This report forms part of our processes for managing risk.

## 5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES

- 5.1 The risk register defines risks to the Corporate Plan objectives and identifies measures to ensure that objectives are met. The risk register is also required to meet Homes and Communities Agency (HCA) governance standards in respect of the Registered Provider (RP) subsidiary.

## 6 EQUALITY AND DIVERSITY IMPLICATIONS

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

## 7 APPENDICES

- 7.1 Appendix 1: Risk scoring tables - likelihood and impact  
7.2 Appendix 2: Corporate Risk Register - current risk scores

### Contact officers:

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Date: 15 November 2016

## Risk scoring tables - likelihood and impact

<b>Likelihood: in any 12 month period</b>	
<b>Rating</b>	<b>Description</b>
4. Almost Certain	Is expected to occur <i>" I would bet my house on it"</i>
3. Likely	More likely to occur than not <i>" I expect this to happen sooner or later"</i>
2. Unlikely	Is unlikely to occur in the foreseeable future <i>" I would be surprised if this happened"</i>
1. Remote	Is very unlikely to occur, but not impossible <i>" I'm almost certain that this won't happen"</i>

<b>Impact: outcomes on objectives, income, reputation or legal outcomes.</b>				
<b>Rating</b>	<b>On objectives</b>	<b>Financial loss</b>	<b>Reputational</b>	<b>Legal</b>
4: Catastrophic	Unable to meet multiple objectives	> £5m	Severe, sustained damage at sector level	Prosecution of organisation and / or senior managers
3: Major	Delays or adjustments to multiple objectives	£1 - £5m	Sustained damage at local level.	District Auditor / HCA investigation; possible referral to CPS
2: Minor	Delays or adjustments to single objective	£250k - £1m	Single negative exposure in local press	Enforcement action: prohibition or improvement notice
1: Negligible	No effect	< £250k	Minor dissatisfaction amongst small groups of residents	No action: advisory letter or fixed penalty.



**Corporate Risk Register - current risk scores**

**1. STRATEGIC LEADERSHIP**

*Weaknesses in the leadership provided by Board and senior management, our planning processes or governance arrangements lead to poor performance, lack of confidence or breach of statutory requirements*

Likelihood	4				
	3				
	2				
	1		X		
		1	2	3	4
Impact					

Current Risk: LOW

Likelihood	4				
	3				
	2				
	1		X		
		1	2	3	4
Impact					

Target Risk: LOW

**2. FINANCIAL**

*Variations in assumptions made for business planning purposes or the adverse effects of external influences create a shortfall in funding levels and potential failure to maintain sufficient credit to operate as a going concern*

Likelihood	4				
	3		X		
	2				
	1				
		1	2	3	4
Impact					

Current Risk: MEDIUM

Likelihood	4				
	3		X		
	2				
	1				
		1	2	3	4
Impact					

Target Risk: MEDIUM

**3. HEALTH AND SAFETY**

*A failure to manage risk, comply with statutory requirements or plan effectively for emergencies results in injury, ill-health, legal action or inability to deliver services*

Likelihood	4				
	3		X		
	2				
	1				
		1	2	3	4
Impact					

Current Risk: MEDIUM

Likelihood	4				
	3				
	2		X		
	1				
		1	2	3	4
Impact					

Target Risk: LOW

#### 4. BUSINESS CONTINUITY

*A failure to plan effectively for emergencies results in threats to residents' welfare, loss of homes or a temporary inability to deliver services*

Likelihood	4	Yellow	Yellow	Red	Red
	3	Yellow	Yellow with X	Red	Red
	2	Green	Green	Yellow	Yellow
	1	Green	Green	Yellow	Yellow
		1	2	3	4
		Impact			

Current Risk: MEDIUM

Likelihood	4	Yellow	Yellow	Red	Red
	3	Yellow	Yellow	Red	Red
	2	Green	Green with X	Yellow	Yellow
	1	Green	Green	Yellow	Yellow
		1	2	3	4
		Impact			

Target Risk: LOW

#### 5. RELATIONSHIPS WITH CUSTOMERS & KEY STAKEHOLDERS

*Poor performance, customer service and relationships with stakeholders results in loss of confidence in the company to meet its objectives*

Likelihood	4	Yellow	Yellow	Red	Red
	3	Yellow	Yellow	Red	Red
	2	Green	Green with X	Yellow	Yellow
	1	Green	Green	Yellow	Yellow
		1	2	3	4
		Impact			

Current Risk: LOW

Likelihood	4	Yellow	Yellow	Red	Red
	3	Yellow	Yellow	Red	Red
	2	Green	Green	Yellow	Yellow
	1	Green	Green with X	Yellow	Yellow
		1	2	3	4
		Impact			

Target Risk: LOW

#### 6. EMPLOYEE ENGAGEMENT

*A lack of consistent leadership and employee engagement or diminishing terms and conditions of employment lead to loss of employee confidence, reducing morale and an inability to retain / recruit competent employees*

Likelihood	4	Yellow	Yellow	Red	Red
	3	Yellow	Yellow	Yellow with X	Red
	2	Green	Green	Yellow	Yellow
	1	Green	Green	Yellow	Yellow
		1	2	3	4
		Impact			

Current Risk: HIGH

Likelihood	4	Yellow	Yellow	Red	Red
	3	Yellow	Yellow	Red	Red
	2	Green	Green with X	Yellow	Yellow
	1	Green	Green	Yellow	Yellow
		1	2	3	4
		Impact			

Target Risk: LOW

**7. CHANGES IN POLICY OR LEGISLATION**

*Adverse or frequent changes to government [or NCC] housing policy and / or legislation [in particular the Housing Bill] creates additional burdens on resources, an inability to plan effectively for the future, and loss of income or loss of identity / assets*

Likelihood	4				
	3		X		
	2				
	1				
		1	2	3	4
Impact					

Current Risk: MEDIUM

Likelihood	4				
	3		X		
	2				
	1				
		1	2	3	4
Impact					

Target Risk: MEDIUM

**8. INFORMATION & COMMUNICATIONS TECHNOLOGY [ICT]**

*Loss of data, failure of networks or operating systems, insufficient data security or a failure to invest in technological improvements prevents efficient delivery of services or results in legal action*

Likelihood	4				
	3			X	
	2				
	1				
		1	2	3	4
Impact					

Current Risk: HIGH

Likelihood	4				
	3				
	2		X		
	1				
		1	2	3	4
Impact					

Target Risk: LOW

**9. BUSINESS DEVELOPMENT**

*NCH fails to diversify, compete effectively in open markets or manage the risks associated with new business activities, resulting in a reducing core business, poor investments and loss of confidence in the organisation*

Likelihood	4				
	3				
	2		X		
	1				
		1	2	3	4
Impact					

Current Risk: LOW

Likelihood	4				
	3				
	2		X		
	1				
		1	2	3	4
Impact					

Target Risk: LOW

## NOTTINGHAM CITY HOMES

### REPORT OF THE ASSISTANT DIRECTOR OF FINANCE AND PROCUREMENT

BOARD  
24 NOVEMBER 2016

#### 2016/17 FINANCE REPORT – PERIOD 6 (SEPTEMBER 2016)

#### 1 EXECUTIVE SUMMARY

- 1.1 This report provides an update to the Board on the Company's current financial position at the end of period 6 (September 2016).
- 1.2 The Company is currently achieving a surplus and an improved position compared to both the budget and the position reported to Board in September. However, historically there are greater budget pressures in the latter half of the year. The Company is still anticipating that the full year budgeted surplus of £155k shall be achieved based on the continued delivery of savings targets, and this will be monitored closely.

#### 2 RECOMMENDATIONS

- 2.1 It is recommended that the Board **note** the financial position at the end of September 2016 and the forecast outturn position for the 2016/17 financial year.

#### 3 REPORT

- 3.1 The Company's management accounts show a surplus of £223k at the end of period 6, a slightly better position than that budgeted of £116k and that reported to Board at the end of period 4 (£135k). The surplus represents less than 1% of the profiled budget at period 6 (£31m).

The full year position net of planned allocations to reserves and the refund to the City Council is forecast to be a surplus of £155k (less than 1% of the Company's turnover) if current trends continue. However, historically there are greater budget pressures in the latter half of the financial year.

- 3.2 The achievement of the full year surplus position is reliant on the continued delivery of significant budget savings identified during the 2016/17 team planning process and included in Directorate budgets. It is important to note that we are still only half way through the financial year the budget position will need to be monitored closely to identify if cost pressures are arising. Where cost pressures arise, or savings targets may not be achieved, operational areas shall be supported by finance to identify appropriate corrective action or alternative savings.

- 3.3 A summary of the financial position at the end of Period 6 together with the forecast outturn for the financial year is shown in Appendix 1. Further analysis of these figures split by Directorate is provided in Appendix 2. Explanations for the main Directorate variances, as shown in Appendix 2, are set out below.
- 3.4 Repairs & Maintenance  
£187k underspent (2% of profiled budget of £9.4m)  
The underspend within the Repairs and Maintenance Directorate is the net position made up of various underspends (and some overspends) across the different services provided. The largest underspend is on gas and heating repairs and installations (£206k) which are anticipated to increase in spend in the second half of the financial year – notably in the winter. This is reflected in the full year Directorate forecast which is broadly in line with budget.
- 3.5 Housing & Customer Services  
£32k overspent (less than 1% of profiled budget of £7.7m)  
Overspending on voids works is being offset by underspends elsewhere in housing services. Measures have been established to bring the full year voids position into balance but it remains challenging to prioritise processing voids whilst achieving savings targets. The full year Directorate forecast reflects a small underspend against budget.
- 3.6 Investment & Business Services  
£114k underspent (4% of budget of £2.8m)  
Expenditure across Business services and Developments are marginally overspent (£13k) and cost pressures in employee costs are included in the forecast outturn position. Asset management is underspent (£127k) but this is mainly due to the profile of stock maintenance works and therefore a much smaller underspend is forecast for the full year.
- 3.7 Company Secretariat  
£17k underspent (2% of budget of £1m)  
Vacant posts are contributing to a small variance from budget which is anticipated to lead to an underspend in the Directorates full year outturn position.
- 3.8 Central Charges  
Income £104k under-recovered (less than 1% of budget of £25m)  
Expenditure £75k overspent (2% of budget of £4.2m)  
Income is under-recovered at the end of period 6 due to market and homeless pilot rental being lower than that budgeted for the full year (£84k). Overspent expenditure on reorganisation (£10k) and anticipated savings yet to be achieved on the new mobile data O2 contract (£30k) are anticipated to be in line with budget for the full year.
- 3.9 Reserves  
As reported to Board in September, the Company's reserves carried forward into 2016/17 were £3.674 million allocated against agreed priorities. To the end of period 6 the in-year spend against reserves was

£0.370 million, leaving £3.304 million to fund the agreed one-off initiatives, schemes and material events impacting on the Company – most notably the development of Harvey Road and IT improvements.

- 3.10 Previous reserves totalling £4.8m are now invested in Nottingham City Homes (NCH) new build and market rented activities to reduce the Company's loan requirements and the respective interest charges to those activities. The annual targeted in-year contribution from surplus of £1.5m is being achieved each month (£125k) and supports current new build schemes e.g. Lenton. Hence, by the end of the financial year a total of £6.3m will be invested in these activities from reserves.

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

### **4.1 Financial Implications**

- 4.1.1 The main financial implications are set out above.

### **4.2 Legal Implications**

- 4.2.1 There are no direct legal implications of this report.

### **4.3 Risk Implications**

- 4.3.1 The current risks in relation to the Company's financial position are:

- Continued achievement of budget savings across the 2<sup>nd</sup> half of the financial year;
- Level of spend and pressure on Repairs and Maintenance budgets across the winter months;
- Completion of garage sites new build projects within Nottingham City Council (NCC) funding envelope; and
- Confirmation of final 2016/17 Service Level Agreements (SLAs) and insurance charges from NCC.

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

- 5.1 A robust financial budget and effective monitoring process to ensure the budget is tightly managed and controlled is essential to support the achievement of all the Company's objectives.

## **6 EQUALITY AND DIVERSITY IMPLICATIONS**

- 6.1 Has the equality impact of these proposals been assessed?  
 Yes (EIA attached)  
 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 Period 6 Management Accounts – Appendices 1 & 2.

**Contact officers:** Name: Darren Phillips  
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Tel: 0115 746 429  
E-mail: darren.phillips@nottinghamcityhomes.org.uk

**Date: 7 November 2016**

## COMPANY WIDE SUMMARY

PERIOD 6:

30/11/2016

	BUDGET Year To Date	ACTUAL Year To Date	VARIANCE Year To Date	BUDGET Full Year	FORECAST Full year	VARIANCE Full Year
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>						
HRA Fees	24,882	24,882	0	49,765	49,765	0
Other Income	5,505	6,262	(757)	11,046	10,895	151
<b>Total</b>	<b>30,388</b>	<b>31,144</b>	<b>(757)</b>	<b>60,811</b>	<b>60,660</b>	<b>151</b>
<b>Less :</b>						
<b>Expenditure</b>						
Employee Costs	16,937	17,342	406	33,874	33,682	(192)
Non-Pay Costs	11,335	11,579	244	22,782	22,823	41
<b>Total</b>	<b>28,272</b>	<b>28,921</b>	<b>650</b>	<b>56,656</b>	<b>56,505</b>	<b>(151)</b>
NCC Refund	1,250	1,250	0	2,500	2,500	0
Earmarked for Reserves	750	750	0	1,500	1,500	0
<b>(Surplus) / Deficit Position</b>	<b>(116)</b>	<b>(223)</b>	<b>(107)</b>	<b>(155)</b>	<b>(155)</b>	<b>0</b>

**PLEASE NOTE:** Our convention for presenting financial information is as follows:

- Income will be shown without brackets
- Under achieved income variances will be shown without brackets
- Surpluses will be shown with brackets

- Expenditure will be shown without brackets
- Overspent expenditure variances will be shown without brackets
- Deficits will be shown without brackets



## DIRECTORATE SUMMARY

PERIOD 6:

30/09/2016

	BUDGET Year To Date	ACTUAL Year To Date	VARIANCE Year To Date	BUDGET Full Year	FORECAST Full year	VARIANCE Full Year
	£'000	£'000	£'000	£'000	£'000	£'000
<b>HOUSING &amp; CUSTOMER SERVICES</b>						
Income	2,168	2,145	24	4,337	4,321	16
Expenditure	9,908	9,917	9	19,873	19,826	(47)
	7,740	7,772	32	15,536	15,505	(31)
<b>REPAIRS &amp; MAINTENANCE</b>						
Income	1,590	2,542	(952)	3,179	3,179	0
Expenditure	10,983	11,748	765	21,967	21,952	(15)
	9,393	9,206	(187)	18,788	18,773	(15)
<b>INVESTMENT &amp; BUSINESS SERVICES</b>						
Income	1,419	1,330	89	2,873	2,819	54
Expenditure	4,201	3,998	(203)	8,456	8,412	(45)
	2,782	2,668	(114)	5,583	5,593	10
<b>COMPANY SECRETARY</b>						
Income	24	45	(21)	48	48	0
Expenditure	1,021	1,025	4	2,042	2,018	(23)
	997	980	(17)	1,994	1,971	(23)
<b>CENTRAL CHARGES</b>						
Income	25,187	25,083	104	50,374	50,293	81
Expenditure	4,159	4,233	75	8,318	8,297	(21)
<b>(Surplus) / Deficit Position</b>	<b>(116)</b>	<b>(223)</b>	<b>(107)</b>	<b>(155)</b>	<b>(155)</b>	<b>0</b>

**PLEASE NOTE:** Our convention for presenting financial information is as follows:

- Income will be shown without brackets
- Under achieved income variances will be shown without brackets
- Surpluses will be shown with

- Expenditure will be shown without brackets
- Overspent expenditure variances will be shown without brackets
- Deficits will be shown without brackets

**NOTTINGHAM CITY HOMES****REPORT OF THE COMPANY SECRETARY****THE BOARD  
24 NOVEMBER 2016****COMPANY SECRETARY'S REPORT****1 EXECUTIVE SUMMARY**

- 1.1 This report sets out the administrative and governance matters requiring consideration and approval by the Board since the last meeting.
- 1.2 An advert was published asking for interested Tenants to supply a CV and covering letter for the outstanding vacant Tenant Board Member post by 6 December. Three tenants have expressed an interest so far and have been invited to an information meeting.
- 1.3 A request has been issued to local Registered Providers (RP) requesting their assistance in identifying existing RP Board Members who may be interested in joining the Nottingham City Homes (NCH) PR Board whilst we establish the new subsidiary. Nominations are also requested from existing Board Members to join NCH RP Board.
- 1.4 Board Members are reminded that the staff Star Awards will be taking place on Friday 25 November 2016 and to contact Tom Mouldsdales for a ticket.
- 1.5 The nominations for Tenant and Leaseholder Awards are now live. Board Members are invited to make their own nominations by the deadline of 6 January 2017.
- 1.6 The Company Seal has been used four times this period, twice for purchase of properties, once for purchase of land and once for a Novation Agreement.

**2 RECOMMENDATIONS**

It is recommended that the Board:

- 2.1 **Notes** the update on the Tenant Board Member vacancy.
- 2.2 **Notes** the update on the RP Independent Board Members and the request for nominations from the Board.
- 2.3 **Notes** the update on the Star Awards.
- 2.4 **Notes** the update on the Tenant and Leaseholder Awards.
- 2.5 **Notes** the use of the Company Seal.

**3 REPORT****3.1 TENANT BOARD MEMBER VACANCY UPDATE**

- 3.1.1 The Board currently has a vacancy for a Tenant Board Member. In order to fill

this role, an advert was published asking for interested parties to contact Governance for more information. So far three tenants have expressed an interest in the role, and they have been invited to attend an information meeting to explain the role of a Tenant Board Member.

3.1.2 Interested parties will have until 6 December 2016 to submit and CV and Letter of Application. Shortlisted applicants will be invited to interview either late December or early January.

3.1.3 The Board is asked to **note** the update on the Tenant Board Member vacancy.

### 3.2 RP BOARD MEMBERS UPDATE

3.2.1 A request has been issued to local Registered Providers requesting their assistance in identifying existing RP Board Members who may be interested in joining the NCH PR Board whilst we establish the new subsidiary.

3.2.2 Nominations are also requested from existing Board Members to join NCH RP Board. Three positions are available and interested parties are asked to email the Company Secretary.

3.2.3 The Board is asked to **note** the update on the RP Independent Board Members and the request for nominations from the Board.

### 3.3 STAR AWARDS UPDATE

3.3.1 The annual staff Star Awards will be taking place on Friday 25 November 2016 at the Crown Plaza Hotel, Nottingham. It is an opportunity to recognise and celebrate the achievement of our staff. Board Members have previously been invited, and, should there be tickets available and you would like a ticket, please contact Tom Mouldsdale on 0115 746 9074.

3.3.2 The Board is asked to **note** the update on the Star Awards.

### 3.4 TENANT AND LEASEHOLDER AWARDS UPDATE

3.4.1 Nominations for the Tenant and Leaseholder Awards are now open. Board Members are invited to make their own nominations for the following categories: Tenant and Leaseholder of the Year, Outstanding Achievement in Learning or Self-development, Good Neighbour Award, Community Group of the Year, Best Community Event, Best Green Initiative, Best Youth Initiative, Best Older Person's Initiative, Sporting Achievement Award, Equality and Diversity Award and Community Safety Award.

3.4.2 The deadline for nominations is Friday 6 January. For more information about the awards and how to make a nomination, please contact the Involvement Team on 0115 746 9100.

3.4.3 The Board is asked to **note** the update on the Tenant and Leaseholder Awards.

### 3.5 USE OF COMPANY SEAL

3.5.1 The Board is asked to **note** the following uses of the Company Seal – where the Seal has been affixed to a Transfer of Registered Title, these property purchases have been previously agreed by Board, unless stated otherwise that

they were purchased under the Executive Management Team (EMT) delegated powers:

- 3.5.2 TR1 Transfer of Registered Title - The Seal was affixed on 20 October 2016 for the purchase of 54 Anstey Rise, Sneinton, Nottingham, NG3 2BQ for £96,000.
- 3.5.3 Contract for sale of land at Newgate Court, Lenton, Nottingham from Nottingham City Council (NCC).
- 3.5.4 TP1 Transfer of part of Registered Title – The Seal was affixed on 20 October 2016 for the purchase of freehold land at Newgate Court, Lenton for £745,162
- 3.5.5 Novation Agreement to transfer current CRM contract currently with Optevia to its parent company IBM.

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

### **4.1 Financial Implications**

4.1.2 There are no financial implications arising from this report.

### **4.2 Legal Implications**

4.2.1 All of the initiatives within this report are carried out within legislation including the Companies Act 2006 and NCH's Governance processes.

### **4.3 Risk Implications**

4.3.1 There are no risks arising from this report.

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

5.1 The contents of the report will have a significant impact for NCH achieving its corporate objectives, set out in the Corporate Plan and associated high level corporate commercial, financial and business plans.

## **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).

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**DATE: 9 November 2016**