

NOTTINGHAM CITY HOMES LIMITED
GROUP BOARD MEETING



Date: 30th March 2023

Time: 5.30 PM

Place: 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

			Time
1	INTRODUCTORY ITEMS		
1.1	WELCOME		
1.2	APOLOGIES FOR ABSENCE		
1.3	DECLARATION OF INTERESTS		
1.4	ITEMS FROM THE CHAIR		
1.5	MINUTES OF THE MEETING HELD ON 23 FEBRUARY 2023	Attached	5.30
1.6	MATTERS ARISING		
2	ITEMS FOR DISCUSSION AND DECISION		
2.1	GOVERNANCE REPORT Report of the Head of Governance and Compliance – George Pashley	Attached	5.50
2.2	TRANSITION REPORT Report of the Director of Transition – Steve Feast	Attached	6.10
2.3	FINANCE REPORT Report of the AD of Finance and Procurement – Bev Swift	Attached	6:20
3	CONFIDENTIAL ITEMS		
3.1	RoSH Cases Update Report of the Director of Property Services – Alison Brown	Attached	6:30
3.2	NCH EL Cash Support Update Report of the Director of Corporate Services – James Howse	Attached	6:40

4 CLOSING ITEMS

3.1 ANY OTHER BUSINESS

3.2 DATE OF NEXT MEETING – 29th June 2023

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 boardmeetings@nottinghamcityhomes.org.uk This agenda was issued by SharePoint on

Distribution List:

All Group Board Members:

Sam Whitworth

NCC Members

All EMT Members

Report Authors

* Members of the public wishing to attend this meeting should email boardmeetings@nottinghamcityhomes.org.uk for joining details

NOTTINGHAM CITY HOMES LIMITED**THE GROUP BOARD**

MINUTES of the **PUBLIC MEETING** held on **23rd FEBRUARY 2023** via Microsoft Teams

Board Members

Madeleine Forster (Chair)
Kieran Timmins
Mike Savage
Vicky Evans

Also in Attendance:

Stephen Feast	Director of Transition
Surjit Balu	Director of Housing
James Howse	Director of Corporate Resources
Samantha Barlow	Governance Manager
Bev Swift	Interim AD of Finance and Procurement
Mark Lawson	Executive Assistant NCHRP
Mona Sachdeva	Company Solicitor
Phil Saunders	Business Improvements & Performance Manager
Paul Stanley	Head of Developments

1 WELCOME, INTRODUCTIONS & CHAIR'S ANNOUNCEMENTS

1.1 The Chair extended a warm welcome to attendees and introductions were made by all parties.

1.2 APOLOGIES FOR ABSENCE

Apologies were received from Frank Jordan and Cllr Sam Webster.

1.3 DECLARATIONS OF INTEREST

Cllr Webster declared he is a NCC Councillor.

1.4 ITEMS FROM THE CHAIR

There were no items from the Chair

1.5 MINUTES FROM THE MEETING HELD ON 2nd FEBRUARY 2023

	It was noted at 3.5.1, it should state deprivation and not depravation. Furthermore, the numbering seemed to need tightening up. The minutes were agreed as a true record subject to these amendments. The Chair approved the signing of the minutes.
1.6	MATTERS ARISING
	There were no matters arising.
2.	ITEMS FOR DISCUSSION AND DECISION
2.1	BUDGET REPORT 2023/24
2.1.1	<p>BS highlighted the key matters within the Budget, being:</p> <ul style="list-style-type: none"> • Since the last budget was presented in March 2022 the situation for the Group has changed significantly. On 11 May 2022, Nottingham City Council (NCC), the sole member of NCH Limited, served Notice to Terminate the 2020 NCC/NCH 30 Year Partnership Agreement. NCH Board accepted this Notice and variation to terminate on 31 March 2023 at its meeting on 22 June 2022. • In relation to NCHRP and NCHEL, 2023/24 budgets for each company are set out for Board and will be presented to the subsidiary boards for approval. • The Budget for the Group projects a broadly breakeven position for the year (at a £3k surplus). It includes a provision for corporation tax. The budget has been produced based on the residual corporate entities continuing to deliver their current business following the transfer to NCC of all staff and all (HRA) social housing activities on 1st April 2023. • In relation to assumptions, there has been reliance on best available information where new arrangements have not yet been finalised. For instance, new SLA's with NCC for post April 2023 have not yet been agreed and signed. • It should be noted that in setting the budgets for 2023/24, the adverse cash position of NCHEL, previously reported to the Board has since been confirmed. This report therefore also includes an update on this matter and seeks approval for the recommended course of action in this regard
2.1.2	KT asked if there were any practical implications of asking NCC to hold back on loans? BS advised that she has already stopped any significant payments being made out of the account and she hopes that there will be a resolution soon. SF advised further that if NCC wants its repayments, NCH will have solvency issues and they understand this. This is also linked to so many other elements i.e HRA.
2.1.3	The Chair asked about appendix 2 and the SLA services and BS could confirm that the expenditure of properties also includes 20% VAT? BS advised that all VAT has been included. Furthermore, the Chair asked about the growth as appears on the face of it, there won't be any. ML advised that there will be some growth, albeit, small.
2.1.4	Finally, the Chair asked about when the balance sheet and cash statements would be available? BS advised that it is much more complicated for NCH, however, work is taking place in the background and the aim is to have something in place by the end of March.

2.1.4	<p>RESOLUTION The Board agreed to:</p> <ol style="list-style-type: none"> 1. APPROVE the proposed 2023/24 NCH Group budget; which includes the budgets of NCH Ltd and its 2 subsidiaries NCH RP and NCHEL 2. APPROVE the proposed 2023/24 NCH Ltd budget: taking account of rent and service charge proposals for NCH Ltd 3. APPROVE the actions being taken in relation to the adverse cash position of NCHEL, including the request to NCC to defer loan repayments
2.2	<p>FUTURE COMPANY MANAGEMENT ARRANGEMENTS</p>
2.2.1	<p>ML advised the report was prepared in order to keep NCH Board members updated and provide assurances that business as usual can continue during the NCH transition process and whilst other matters are concluded. A draft Service Contract between NCC and the NCH Group has been written and has been circulated to NCH and NCC officers for comment and will be brought back to Board for approval at a later meeting.</p>
2.2.2	<p>The Service Contract specifies the services that NCC will deliver to the NCH Group in general and to each company individually, as the Termination Agreement commits. It encompasses the full services previously supplied by NCH to its subsidiaries and should provide assurance to the Board that NCH Group tenants and properties are safeguarded and services will seamlessly continue.</p>
2.2.3	<p>The Chair asked about grounds maintenance services and presumably, they are covered by an SLA, will there be a similar SLA for that service? MS confirmed there will, if those services are already provided as well as the costs that had already been agreed.</p>
2.2.4	<p>RESOLUTION The Board agreed to:</p> <ol style="list-style-type: none"> 1. Note the contents of the Report
3.	<p>FUTURE COMPANY GOVERNANCE</p>
3.1.1	<p>GP advised that following transition, the Group will continue to be responsible for the management and maintenance of approximately 500 properties. Boards will continue to receive reports and updates on this, and a Governance Framework needs to be created to allow key decisions to be made by them.</p>
3.1.2	<p>This revised Framework will require a new Service Level Agreement with NCC for professional advice and support services moving forward. This should identify who the lead officer is for the Group and each subsidiary. The lead officer needs to be an independent advisor who can lead and promote that Company. A Payment Schedule for the SLA needs to be agreed with NCC as part of this.</p>
3.1.3	<p>NCC and NCH constitutional documents are currently being reviewed to make them fit for purpose post-transition. These include the Articles of Association for NCH</p>

	Group, EL and RP, Standing Orders, Intra-Group Agreement and NCC's constitution. NCH and NCC are currently working together to update the NCC Constitution and the Intra-Group Agreement between NCH and its two subsidiaries to ensure ongoing service delivery is retained to the companies.
3.1.4	Clarity will be required as to the company secretariat function for the retained companies. Other governance arrangements to be considered include the NCH Group Pay strategy as there is now a mix of paid and unpaid membership on the Group Board. Financial and Contract Procedural Standing Orders will also need considering in terms of delegated authorisations for former NCH employees as well as their integration into NCC financial arrangements.
3.1.5	The Board discussed the governance arrangements and the practicalities, with the Chair advising that NCC do not wish to change the membership of the current Board. The Chair suggested having a separate working group which will be open to any Board member to look at review the Articles, membership and pay/skills. It was agreed that this will take place and a should be arranged as soon as possible/next week. ACTION: GP
3.1.6	KT and VE highlighted that there appears to be a lot of work required in such as short space of time, however, he is happy to work with the Board to work through
	The Board agreed: 1. NOTE the contents of the report and for a meeting to take place to review the Articles of Association, membership and key governance issues.
4.0	RENT SETTING
4.1	MS took the report as read and advised the Board that he was seeking approval for an increase on social rents and the estate maintenance service charges for the 120 NCH-owned social rent homes by 7% with effect from 3 April 2023.
4.2	It was explained that The Rent Standard and the imposed cap for 2023/24 do not apply to NCH Limited, in this instance acting as a private landlord. However, the recommendation to the Board is that parity with rents charged for Nottingham City Council (NCC) homes and other social housing in Nottingham should be maintained where possible. Furthermore, the Council's Executive is being asked to increase Council rents by 7% from April 2023, but this will not be approved until 17 February 2023.
	Finally, it was advised that all rents are well below the appropriate Local Housing Allowance level so tenants relying on LHA or Universal Credit housing costs will not experience shortfalls like other private tenants, unless they are under-occupying their home.
4.3	The Board discussed the increase and agreed that, although everything is currently increasing, it is the right thing to do.
4.4	RESOLUTION The Board agreed to:

	<ul style="list-style-type: none"> • APPROVE the increase to social rents and the estate maintenance service charges for the 120 NCH-owned social rent homes by 7% with effect from 3 April 2023.
5.0	CLOSING ITEMS
5.1	ANY OTHER BUSINESS
	Board Members confirmed there was no further business.
5.2	DATE OF NEXT MEETING
	The next scheduled meeting will take place on 30 th March 2023.
	The meeting closed at 18:23
	Signed..... Dated.....

DRAFT

	ITEM:2.1
NOTTINGHAM CITY HOMES	
	GROUP BOARD
REPORT OF THE HEAD OF GOVERNANCE AND COMPLIANCE	30 MARCH 2023
GOVERNANCE REPORT	
1	EXECUTIVE SUMMARY
1.1	The Board has recently discussed the need to change its Governance structure to ensure it is fit for purpose from 1 April 2023, at which time all HRA activity will have transferred back to NCC.
1.2	The paper details the current position on proposed changes to Board structures, membership, skills and attendance and makes a recommendation for paying Board Members.
2	RECOMMENDATIONS
	It is recommended that the Board
2.1	Notes the update on the Group constitution and membership at 3.2
2.2	Notes the update on revised skills matrices at 3.3.
2.3	Notes the current position on Board attendance at 3.4
2.4	Agrees to make payment to Board Members as set out in 3.5.
3	REPORT
3.1	Introduction
3.1.1	<p>The Board has met on two occasions recently to discuss governance arrangements for NCH Group from 1 April 2023. As part of this it has taken legal advice on constitutional matters from Trowers and Hamlins. The outcomes from these two meetings are set out below</p> <ul style="list-style-type: none"> • Constitution – the Board do not wish to change any constitutional arrangements at this stage unless NCC wishes to do so. The Board would like to recommend a simplified structure to NCC thereafter. • Membership – the Board should be made up entirely of Independents with the appropriate skills based on a revised skills gap analysis. This would mean losing two Councillors and two

	<p>residents from the existing Board. Numbers could be reduced to 6 or 7 members.</p> <ul style="list-style-type: none"> • A full skills matrix audit should take place to determine skills for existing Board and to seek any skills that may be required. • Attendance log to be produced with three non-attendances equating a conversation with the Chair • Board Pay – agreement to pay a level of pay based on the average for the Housing Sector.
3.2	Board Membership Constitution and Membership
3.2.1	At this stage there is no requirement to change the Group’s constitution but the Board would welcome the opportunity of proposing a more simplified structure to NCC shortly. This would include NCH EL being absorbed into the Group Board and all Boards being populated by appropriately skilled Independents.
3.2.1	Board is asked to NOTE the update on the Group constitution and membership.
3.3	Skills Matrices – NCH Group, NCH RP, NCH RP, ARCC
3.3.1	A review of skills matrices is required for the Group entities post transition. This will ensure Board Members with the required skills are appointed into vacancies.
3.3.2	Draft skills matrices for NCH Group, NCH EL, NCH RP and ARCC have been drawn up and shared with senior managers. Details will be circulated to Board Members for comment shortly.
3.3.3	Board is asked to NOTE the position on revised skills matrices.
3.4	Board Attendance
3.4.1	Article 17 of the Group’s constitution contains the following with regard to Board attendance
	<p>“A person shall be ineligible for appointment to the Board and if already appointed shall immediately cease to be a Board Member if the relevant individual:</p> <ul style="list-style-type: none"> • shall for more than six consecutive months or three consecutive meetings of the Board (whichever period is the shortest) have been absent without permission of the Board from meetings of the Board held during that period and the Board resolves that his/her office be vacated;

	<ul style="list-style-type: none"> in any period of 12 months, he shall have been absent (without the permission of the Board Members) from at least 60% of the meetings of Board Members held during that period and the Board Members resolve that his/her office be vacated” 																																
3.4.2	<p>The attendance of existing Board Members over the past 6 months is as follows</p> <table border="1"> <thead> <tr> <th>Name</th> <th>No. Meetings</th> <th>No. attended</th> <th>% over the past 6 months</th> </tr> </thead> <tbody> <tr> <td>Madeleine Forster</td> <td>5</td> <td>5</td> <td>100%</td> </tr> <tr> <td>Kieran Timmins</td> <td>4</td> <td>4</td> <td>100%</td> </tr> <tr> <td>Mike Khouri-Bent</td> <td>5</td> <td>0</td> <td>0%</td> </tr> <tr> <td>Vicky Evans</td> <td>5</td> <td>4</td> <td>80%</td> </tr> <tr> <td>Michael Savage</td> <td>5</td> <td>4</td> <td>80%</td> </tr> <tr> <td>Sam Webster</td> <td>5</td> <td>3</td> <td>60%</td> </tr> <tr> <td>Georgia Power</td> <td>5</td> <td>2</td> <td>40%</td> </tr> </tbody> </table>	Name	No. Meetings	No. attended	% over the past 6 months	Madeleine Forster	5	5	100%	Kieran Timmins	4	4	100%	Mike Khouri-Bent	5	0	0%	Vicky Evans	5	4	80%	Michael Savage	5	4	80%	Sam Webster	5	3	60%	Georgia Power	5	2	40%
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Georgia Power	5	2	40%																														
3.4.3	The Chair will be reviewing attendance with Board Members in the coming weeks.																																
3.4.4	Board is asked to NOTE the current position on attendance at meetings.																																
3.5	Board Pay																																
3.5.1	<p>The Board has considered that it would like to pay its Board Members based on the Median point highlighted in the table below. The table has been produced by EMA Consultancy and includes figures from both Housing Associations and ALMOs. If agreed the estimated cost of the proposal would be</p> <p><u>Chairs</u> – Group and RP Board (taken as a Committee for the purposes of pay) and ARCC - £27,780</p> <p><u>Group Board Members</u> – up to 5 (excluding Board/ARCC Chairs) - £25,250</p> <p><u>NCH RP Board Members</u> – up to 4 (excluding 2 members on Group Board) - £20,200</p> <p><u>Total Cost</u> - £73,230</p>																																

	Posts	Lowest £p.a.	Lower Quartile £p.a.	Median £p.a.	Upper Quartile £p.a.	Highest £p.a.
Housing Associations including ALMO's						
	Chair	5,442	10,509	13,798	14,749	18,360
	Vice Chair	4,250	5,270	7,500	8,000	12,867
	Chair of a Committee	3,250	5,563	6,991	8,339	12,500
	Board Member	2,177	4,080	5,050	5,776	7,803
3.5.2	Board is asked to AGREE to the payment of Board members as set out above.					
4	FINANCIAL, LEGAL AND RISK IMPLICATIONS					
4.1	<u>Financial Implications</u>					
4.1.1	The estimated cost of paying Board Members for the next 12 months is £73,230.					
4.2	<u>Legal Implications</u>					
4.2.1						
4.3	<u>Risk Implications</u>					
4.3.1	That the Board will not have relevant governance arrangements and Board Member skills in place to operate effectively from 1 April 2023.					
5	IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES					
5.1	N/A.					
6	EQUALITY AND DIVERSITY IMPLICATIONS					
6.1	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)					
7	BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT					
7.1	<ul style="list-style-type: none"> • Board Renewal Strategy • NCH constitutional documents 					
Contact officers:		Name: George Pashley				

	Tel: 07962 395269
	E-mail:George.pashley@nottinghamcityhomes.org.uk
Date: 23 March 2023	

	ITEM: 2.2
NOTTINGHAM CITY HOMES	
	NCH GROUP BOARD
REPORT OF STEVE FEAST DIRECTOR OF TRANSITION	30 March 2023
Update Report NCH Transition to NCC	
1	EXECUTIVE SUMMARY
1.1	On 11 May 2022, Nottingham City Council (NCC), the sole member of NCH Limited, served Notice to Terminate the 2020 NCC/NCH 30 Year Partnership Agreement. Board considered and accepted this Notice at its meeting on 26 May 2022 and subsequently agreed to consent to an agreed variation to terminate on 31 March 2023 at its meeting on 22 June 2022.
1.2	NCH has actively worked with NCC colleagues as part of a joint transition team and has achieved significant progress including the conclusion of the TUPE process to transfer all current NCH staff to NCC under a lift and shift approach. The Transition project has now entered a critical phase focussed on the resolution of practical issues which ensure the successful provision of the housing service post transfer to the council and the onboarding of staff to NCC.
1.3	Although comprehensive communication has been maintained throughout the project this is now being enhanced in the weeks leading up to the point of transition including the provision of specific communications from NCC to NCH staff addressing a range of onboarding issues.
1.4	In light of NCH's transition back to NCC and the termination of the Partnership Agreement 2020 the NCH Group of companies are actively considering their future and have obtained further legal, governance, financial and asset advice as to the options for their future which will be considered alongside NCC's strategic objectives as sole member of the Group through the development of an asset disposal strategy. This is now being managed as a separate work stream to the project to transition the housing management and maintenance services
1.5	In readiness for the management and maintenance responsibilities for Council Housing reverting to NCC consideration is being given to the future governance structures within the Council. To support this the

	Tenant Participation Advisory Service has been engaged to review the tenant engagement structures.
2	RECOMMENDATIONS
	It is recommended that the Group Board:
2.1	Notes the contents of the Report and the progress made in the transition of the housing management and maintenance service to NCC
3	Transition Project
3.1	Board is aware, from previous meetings, that Notice to Terminate the NCC/NCH Partnership Agreement 2020 was received, acknowledged and is now in effect. Delegated housing management and repair services delivered by NCH will be taken back 'in house' for direct NCC delivery on 1 April 2023.
3.2	Board will recall that NCH needs to consider all relevant practical considerations in relation to the NCH Group and to that end has entered into a joint Transition Group with Council colleagues which considers actions and progresses matters. The latest Transition Project Highlight Report is attached at Appendix A . The highlight report includes the top 5 risks associated to the project and how these are being mitigated by the joint project team.
3.3	The project highlight report shows that the transition project is progressing well with issues being actively managed. At this time there is not perceived to be any significant risk of the housing management service not successfully transitioning back to the Council in April 2023 although the risk relating to the successful implementation of a new payroll configuration within the councils IT system is considered to be the most significant risk being actively managed. At this time there is no indication that the payroll system will manifest.
	Staffing Matters
3.4	Since the last report to Board further, significant progress has been made in relation to the TUPE transfer of staff. The consultation with Trade Unions has been closed and the third TUPE letter confirming transfer of colleagues to NCC has been issued. Staff Information has also been provided to NCC colleagues.
3.5	In addition to finalising TUPE processes colleagues are working to resolve issues relating to colleagues who are currently on Fixed Term Contracts or Secondments whose contracts could reasonably be extended or moved to permanent contracts. Good progress has been made to date and we are currently on track to resolve these contractual issues prior to the transfer to ensure that staff have certainty of employment and the risk of staff retention, absence and recruitment is

	effectively managed however it should also be noted that HR contract and financial affordability factors also need to be considered when making these decisions.
	Due Diligence/Contracts
3.6	A key element of the transition is the sharing of relevant information detailed within the NCC Due Diligence list. The Board will recall that this was issued in June 2022 with some very short timescales for completion by NCH. Excellent progress continues to be made by NCH colleagues in identifying, providing, and clarifying this information to NCC colleagues with no subject areas remaining outstanding.
3.7	Particular focus is currently being given to the sharing of information on contracts held by NCH to deliver the housing service. These have been initially prioritised according to value and a business continuity perspective. All contractors currently engaged by NCH have also been written to explaining the process of contract novation from NCH to NCC with effect from 1 April 2023.
3.8	Given the close proximity of the transfer of housing management and maintenance service details have now also been shared in relation to any claims or litigation currently active against the Company in relation to the service.
	Systems, Processes and Procedures
3.9	To ensure the continued delivery of housing management and maintenance services the joint project team has moved to considering those systems, processes and procedures which need to be adopted by the housing services on transfer back to NCC.
3.10	A key system which has to be revised is the NCC Payroll systems which needs to be revised to accurately hold payroll data for those staff transferred to NCC from NCH. The build for this system has now commenced but the timescales for completion are tight. Progress to date is positive but this issue remains a risk to the project which is being intensely managed by NCC colleagues.
3.11	Other areas which have been identified where changes are required to systems, processes and procedures are predominantly within the areas of finance, procurement and human resources. Colleagues are liaising to identify the revisions required and these will be communicated to NCH through the onboarding process.
	Governance / Tenant Involvement
3.12	The governance requirements for social housing, including those mandated by the Regulator of Social housing will need to be incorporated into the Councils governance structures on the transfer of

	the housing management and maintenance service. NCC colleagues are currently considering the most appropriate structure for these responsibilities to be discharged and will take proposals to the Councils AGM in May 2023 to determine these structures.
3.13	The need to effectively hear the tenants voice through governance structures is at the forefront of these considerations. To support this the Tenant Participatory Advisory Service (TPAS) has been commissioned to review the current involvement structures and consider how these can effectively dovetail with the Councils governance structure. The work of TPAS will include conversations with all stakeholders including members of the Board and the ALMO Board.
	Communication and Branding
3.14	As the point of transfer approaches an onboarding communications plan has been developed. This plan includes a range of target audiences including NCH Staff, Board Members and partner organisations. In relation to staff the plan is to welcome NCH staff to the council, introduce the NCC structures, advise of changes such decision making structures, procurement and finance policies and procedures. This plan features a weekly newsletter to all staff which is issued on a Monday. This newsletter is in addition to the business as usual communication mechanisms employed by the Company.
3.15	Council colleagues are also hosting a series on onboarding events, which are both physical and virtual events to welcome NCH colleagues to NCC and the give an overview of the councils Vision, priorities, and culture. These events are also introducing the training programme linked to the onboarding programme,
3.16	As has been previous highlighted to the Board, NCC do not see any negative association to the NCH brand and do not want to incur the significant costs associated to an immediate and wholesale rebranding exercise which is estimated to be a minimum of £600k. It is recognised however that a distinction needs to be drawn between the housing management and maintenance service returning to NCC and the residual NCH Group of Companies. Additionally, staff moving to the NCC become Council staff and need to be culturally aligned with their employer
3.17	A plan to gradually adopt the NCC Housing Services Brand is therefore being jointly developed. This plan will adopt the NCC brand in a cost-effective way over a timescale estimated to be between 12 and 18 months. Examples of those branding elements changed in the short term are likely to be telephone greetings, name badges and lanyards whilst those longer-term changes are likely to be fleet and signage.
4	NCH Group Companies

4.1	Board has previously considered the impact on the wider group of the decision to insource the provision of housing management services back to the Council and the steps being taken manage this.
4.2	Managing the future of the NCH Group Companies has now been separated into a distinct workstream as the timescales for resolution of these matters is not aligned with the transfer of the housing management and maintenance service back to the Council.
5	FINANCIAL, LEGAL, HR AND RISK IMPLICATIONS
5.1	<u>Financial Implications</u>
5.1.1	Additional costs, mostly in relation to staffing resources have arisen this year to support the transition of NCH back into NCC. Up to the end of March 2023 these are anticipated to be £254k and are set out in more detail in the Board QR2 Finance report.
5.1.2	All transition costs, including legal and asset strategy advice relating to the NCH Group Companies have been submitted to the council for consideration. If a decision is taken to dispose of NCH Group land and building assets (currently held at £71m) the cost is likely to be significant and funded from cash receipts.
5.2	<u>Legal Implications</u>
5.2.1	These are mainly set out in the Report. It is important that the respective Board Members for each of the companies in the Group are properly advised in respect of legal, governance and finance matters which arise for each of the options they may have to consider. Responsibility lies with each Board, however with NCC being the sole member of NCH and in turn NCH being the Person of significant control over NCH RP and NCH EL, shareholders' interests must be noted when considering the best interests of the company in each case. A separate agenda item will set out these matters.
5.3	<u>HR Implications</u>
5.3.1	NCC has stated that it will 'lift and shift' the current NCH staffing structure and staff would TUPE transfer across to NCC. TUPE legislation protects employees' terms and conditions (except certain occupational pension arrangements) when the business or service in which they work is transferred from one employer to another and as part of this process their terms and conditions cannot be changed where the operative reason for the change is the transfer. NCC have confirmed that that all 3 corporate entities which are part of the Group will remain on transfer.
5.3.2	There are significant resource implications for undertaking work related to the transfer particularly in the Finance, Legal, Governance and OD

	teams who will be carrying out this work alongside 'business as usual' tasks.
5.3.3	The uncertainty for employees will likely result in higher turnover for NCH in over the transition period and will cause further potential difficulties in recruiting to vacant positions. There may also be implications for employee engagement and morale and, as a consequence of this, there may be lower productivity and performance over this period.
5.4	<u>Risk Implications</u>
5.4.1	NCH RP, NCH EL and ARCC have had discussions on the risks surrounding NCC's decision to take NCH back in-house. Key risks inherent in Board losing control of the running of the Company as proposed by NCC's proposed changes to the Articles have been addressed by the Board. Executive Management Team will meet again in the next month to discuss further progress on risks associated with the decision.
5.4.2	A specific Transition Risk Register is being jointly managed by the Transition Team. A review of the Corporate Risk Register will be undertaken at the next ARCC meeting.
6	IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES
6.1	N/A
7	EQUALITY AND DIVERSITY IMPLICATIONS
	This is considered to be a matter for NCC to have already considered.
7.1	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)
8	BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT
8.1	APPENDIX A: REPORT TO NCH EL ON LEGAL AND GOVERNANCE ISSUES
	NCC Letters dated 11 and 13 May 2022
	NCH CEO Email to NCC dated 27 May 2022
	NCC Letter 10 June 2022
	NCH Chair Response 15 June 2022
	Transition Project Plan
	Draft Due Diligence Plan
Contact officers:	Name: Stephen Feast
	Director of Transition
	Tel: 0115 746 9451
	E-mail: Stephen.feast@nottinghamcityhomes.org.uk

Date 21st March 2023	

Project Summary Highlight/Monitoring Report

Project Name	Housing Delivery Service Transition		Report Date	21/03/2023	Reporting period	15/03/2023-21/03/2023			
Document	Project Summary Highlight Report	Delivery Confidence Assessment (Red/Amber/Green [RAG]) Please also type the colour eg)							
Sponsor	Sajeeda Rose	Overall		Scope		Deliverable		Resource	
Project Manager	Dal Singh / Rob Adkins			Project Lead	Kevin Lowry				
Programme	NCH Housing Services Transfer to NCC			Programme Manager	Kevin Lowry				

Brief Description of the project	Scope:
<p>To process the transition of the Council Housing Service from the arms-length management Company Nottingham City Homes (NCH) to Nottingham City Council (NCC) control. Covers all aspects of the transition.</p> <p>There are nine workstreams in Housing Delivery Service Transition project as detailed below and this report provides a high-level summary for the project across 9 workstreams:</p> <ol style="list-style-type: none"> 1. Constitutional Matters 2. Financial Matters and Investments 3. Assets 4. Procurement, Contracts, and activities 5. Employees 6. Legal (Litigation disputes, Health & Safety, Regulatory and GDPR Compliance workstream) 7. ICT (Infrastructure) 	

8. Communications & Marketing

Scope changed from the last reporting? *Please provide details*

Tick if yes

No

Bi-weekly progress Executive summary* - *Strategic/key operational decisions requested or to be requested/escalated to the board alongside key risks for noting / escalation and interdependencies*

**Contents to be pasted into governance dashboards. PMO advice - keep it brief and avoid technical jargon and bullet points*

ESSENTIAL Training

- Procurement. Established that NCH can partially access the online tool. NCH to identify all who need to access this training ahead of 31 March. Access to the tool via the Learning zone being progressed.
- Finance. Progressive process of training. Includes materials on website and “How to”... sessions e.g., Raise an Invoice, accounts payable, accounts raised etc. None will be an issue ahead of transition date. Post transfer activity will include the Budget monitoring regime.
- HR. No immediate changes. New employees will go immediately onto NCC processes. Changes to Disciplinary, Grievance procedures being developed. Post transfer will discuss assimilation of recruitment and other functions.
- Governance. Constitutional eLearning tool will be used before and after transition. Not likely to present immediate issues if not fully rolled out. Checks and controls in place that would prevent issues. L & D Departments are identifying key senior leaders.
- Data Protection. Detailed process discussions took place 10 March. See updates below.

Assets

- Workstream has been moved to the “NCH Companies Strategy Workstream” – Standalone project
- Any transition relevant notions or work will be discussed on ask
- Update required on transfer of NCH Fleet Services

Financial Matters and Investments

- Mastek system is built specifically on agenda.

Procurement, Contracts, and activities

Total Novations	70
Signed Novations Returned	17
Contract already with NCC	6
NCH contract not available	3
Supplier Queries	2
Novations Outstanding	42

- **Non-contracted supplier letters** – sent out last Friday (17th)
- Letters were sent out to both:
 - Suppliers NCH have made payments to in the past twenty-four months, Or;
 - Suppliers created in the past twelve months, but no payment has been made (to capture any new suppliers which haven't been used yet)
- **Licenses** – the companies with licenses will be receiving the above letters

Employees (See Notes below)

- The final wording for the third and final consultation letter is drafted and ready to go out
- Trade Unions still refusing to sign of consultation until FTC secondment changes made to the final letter
- Onboarding process commenced, induction page live, training modules now on Learning Pool
- Scheme of delegation/approval limits to be discussed and picked up as part of governance discussions
- Red and Green book allowances discussions ongoing Claire and Paul hoping to have these resolved soon
- Live system concern - Managers to ensure that no changes in the system whilst data transfer takes place

Legal (Litigation disputes, Health & Safety, Regulatory and GDPR Compliance workstream)

- Governance and Data Protection subset workstream has been setup and the initial review has taken place
- Governance process has been agreed with councillors
- Discussions have taken place about how the post transfer structure process for the Data Protection, Disrepairs and Redaction teams will work be resourced and what will this look like.
- Resourcing Issue for the statutory responsibilities and liabilities for transfer day (KL has spoken with NM)

- NM will become the DPO for the housing function and GP will remain the DPO for NCH Ltd and the remaining companies
- Decision about what is happening to the existing NCH Web-site/Pages and the NCC Housing Services Web-site/pages including Privacy Notice will be raised by Kevin at the Branding Group and Board meeting on Wednesday.

Data Protection subset

- There are currently 2 temporary employees doing Disrepair/Data Governance work in NCH. This is 1.5 FTE above establishment
- NCC have started Data Flow work with NCH colleagues
- Disrepair – NCH need a consistent flow of casework, or they risk losing skilled staff doing redaction work
- DPO responsibility for HRA cases being transferred to NCC DPO after transition. Actual work would be retained with existing staff under the “lift and shift” arrangement (is this correct?)
- NCH to write to retained properties/tenants on future Governance/GDPR arrangements as part of a wider communication.

Governance (post transfer)

Nancy Barnard and Kevin Lowry met with councillors today 14.03.23 and the following has been agreed:

- Build NCH process into the NCC process so governance post lift and shift will follow the NCC Governance processes.
- Cllr Neil will be the Portfolio Holder responsible for the Housing function.
- Tennant Engagement Function to be drawn up outside the Council process.
- Tennant Engagement - Board to be established with co-opted Tenant representative and Portfolio Holder
- Nancy to monitor the overview and scrutiny agreed process to see how this goes in terms of volume.
- Relevant Portfolio Holder and Corporate Director for Housing will be added to this system for ODM's

Governance and scheme of delegation training will need to be rolled out. Nancy to speak to Sam Whitworth about this and to make sure this has been covered

ICT (Infrastructure)

An issue with the single sign-on for Fusion after the Email addresses for NCH get transitions to be NCC ones.

The issue is that the Jabber needs to have the NCH style Email address in Active Directory (AD) for it to find the correct Jabber instance (NCC and NCH have their own instances), but Fusion needs the NCC style Email address to allow single sign-on. The same field can't be set to two different values, so we have an issue.

Tony has identified three possible solutions and will discuss this as an agenda item

Communications and Marketing

As uploaded onto the SharePoint

Top 5 Project Key Risks/Issues/Escalations (R/I/E)				
Event	R/I/E	Severity *	Action	Owner
Establish stability of NCH Governance structure post transition including attracting and retaining the right calibre of Board Committee Members	R	High	NCH Group Board have commissioned a review in order to be ffp post transfer.	GP, JH
EMSS, HR and Finance to ensure they are resourced adequality to respond to Mastek/ Evosys programme requirements	R	High	HR Team to closely observe the course of action. With Regular reviews and responses to be prioritised - Ongoing. Mastek/Evosys have identified resources required from NCH and NCC perspective to plan accordingly.	PS, AB
Failure to deliver appropriate Mastek build (Risk Raised by finance)	R	High	Go Live to be delayed until HR/Payroll Build is fully complete. Go/No Go date to be determined. This will be determined by the	PS, AB

			detailed implementation plan, which is to be submitted by Mastek/Evosys. Once we have this plan, we can then align our resources to ensure we can complete the task	
Potential insufficient time to implement and test the new HR payroll build, prior to go live/transition	R	High	PS and LA to formulate Plan B whilst also monitoring Mastek implementation plan with regular reviews - Advice from Legal sought. No requirements to ringfence positions as NCH roles are NOT at Risk	PS, LA
NCH recruitment is now paused awaiting information on NCC t&cs, job evaluation etc	I	High	The Impact is that we won't have the staff required to successfully continue the operational delivery of housing services. In terms of mitigation it has been referred to Kevin and HR to resolve.	HR and KL
Potential of insufficient training of staff on new systems prior to transition	R	Medium	Onboarding programme to be released with schedule with more granular actions. Training cannot be rolled out until the consultation process has been completed. Clarity required on what processes will be changing so that these can be built into the training. Short timetable makes this a potentially higher risk.	LA, Organisational Development

		Impact				
		1	2	3	4	5
		Negligible	Minor	Moderate	Major	Catastroph
P r o b a b i l i t y	1 Remote	1	2	3	4	5
	2 Unlikely	2	4	6	8	10
	3 Possible	3	6	9	12	15
	4 Likely	4	8	12	16	20
	5 Almost Certain	5	10	15	20	25

*
* Copy table and populate for more lessons learnt

Red	Requires escalation above Programme Board level
Amber	Can be treated, transferred within delegated authority
Green	Progressing as plan

Financial Implications							
NCH Anticipated spend is at £350k but needs to be confirmed.							
Capital Budget						Cost: RAG	R
Total Approved Budget (NCC)	£750K	Actual Spend to date	£206,961.20	Committed Spend to date	£641,592	Forecast Spend	£848,553.20

Item	Employee Workstream 14 March 2023 Discussion Point	Action
1	Systems	
1.1	<p>No issues raised at today's meeting other than the point below so Kevin said he would discuss/bring this matter up at tomorrow's Board meeting this:</p> <ul style="list-style-type: none"> • The announcement in the newsletter that no changes are to be made to the live system during the data transfer process is not having the desired effect so managers will need to remind everyone and manage this. 	Kevin Lowry
2	TUPE	
2.1	The 3 rd letter is drafted and ready to go however this cannot be distributed because the unions are refusing sign-off the consultation until the FTC secondments matters have been resolved. Unions are seeking legal advice around these matters.	
2.2	A meeting with the unions is taking place this afternoon so Claire and Rachel are going to propose that the TUPE consultation is signed-off/closed and that this matter will be picked up as a separate legal issue post transition. Update to be provided at the Board meeting tomorrow Wednesday 15.03.23.	Kevin Lowry/ Claire/Rachel
3	Trade Union Concerns TTC, Secondments and signing contracts	
	See response for item 2.2 above.	
4	NCH Recruitment on Pause	
4.1	Still ongoing pending resolution of the TUPE matters	
4.2	Red book allowances (call centre and on-call) discussions to be picked up by Paul and Claire. Claire said that a resolution should be ready soon.	Paul Slater/Claire Bristow

4.3	Claire said that the green book issues are ok	Claire Bristow
5	On-boarding – Has the training schedule been finalised	
5.1	Claire said that most of the modules are now on the Learning Pool and anyone's that are not would be by the end of today.	Claire Bristow
5.2	The training induction page is now live, and Claire said she is comfortable with how this is going.	
5.3	Scheme of delegation proposals and dissemination of this information is to be picked up at the Board meeting tomorrow 15.03.23.	Kevin Lowry
6	AOB/Items to escalate/discuss	
	None	
7	Date of next meeting	
	Date to be confirmed by Dal Singh	Dal Singh

	ITEM: 2.3
NOTTINGHAM CITY HOMES	
	THE GROUP BOARD
REPORT OF THE INTERIM ASSISTANT DIRECTOR OF FINANCE AND PROCUREMENT	30 March 2023
FINANCE REPORT 2022/23 – PERIOD 10 END OF JANUARY 2023	
1	EXECUTIVE SUMMARY
1.1	This report provides an update to the Board on the Group’s current financial position at the end of Period 10 of the financial year, which includes income and expenditure to the end of January 2023.
1.2	There is a surplus for the Group of £2.7m at P10 with a positive variance of £1.4m year to date (YTD). This is against the budget surplus of £1.3m. The forecast Group outturn position for year end is now anticipated to be a surplus of £0.7m. This takes account of the impact of the 2022/23 pay award, transition costs and repayment of the Apprenticeship Levy.
1.3	The report includes fixed asset and capital expenditure information which sets out spend on land and buildings against the planned and Board approved investment.
1.4	This report also sets out a number of debts which have been identified for write off.
2	RECOMMENDATIONS
	It is recommended that the Board:
2.1	Notes the financial position at the end of P10 and the forecast outturn position for the 2022/23 financial year.
2.2	Approve both Rent and Nottingham on Call (NoC) Customer debts to be written off as detailed in Appendix 4a and 4b.
3	REPORT
3.1	There is a surplus for the Group of £2.7m at P10 with a positive variance of £1.4m YTD, this is against the budget surplus of £1.3m. Allowing for forecasts for the rest of the financial year, including additional costs not anticipated in the original budget such as transition costs, full impact of the pay award (originally at 2% in the budget), and the requirement to repay the Apprenticeship Levy, the anticipated Group financial outturn for this year is £0.7m surplus (against a budgeted surplus of £1.5m).
3.2	<u>Income</u>

	<p>It was anticipated that £67.4m of income would be achieved by P10 but actual income is £64.9m with several areas dropping below budget. The most notable impact is Commercial Services which is now projected to incur a loss of £0.7m against its original budgeted surplus of £0.5m, a variance of £1.2m.</p> <p><u>Expenditure</u> This has followed a similar trend to income and has been managed down proportionately to income in most cases. Actuals for P10 are £62.2m against budget of £66.2m.</p> <p>Allowing for the timing of (particularly non pay) costs over the year, the forecasted year end outturn position for the Group is £0.7m.</p>
3.3	<p>A summary of the financial position at the end of Period 10 together with the forecast outturn for the financial year is shown in <u>Appendix 1</u>.</p> <p>The report highlights factors that are affecting the full year position within the Group and these are shown in the section below, with key balance sheet and cash flow issues highlighted. Cashflow forecasting is a particular focus in view of the forthcoming split of HRA activities and funding at the end of March 2023.</p>
3.4	<u>NCH Group</u>
3.4.1	<p>The budgeted NCH Limited surplus position included an aggregate contribution to reserves across the 3 companies of £1.5m (noting that this was reduced during the year by an approved £0.5m budget virement to Property Services for priority repairs). That virement has now been spent in full, and that budget profiled against the spend.</p>
3.4.2	<p>Significant expenditure impacting the forecast to year end, not accounted for in the budget are as follows:</p> <ol style="list-style-type: none"> 1. Full impact of the pay award – value above that included in the budget 2. Transition costs – forecast at £354k by year end 3. Repayment of Apprenticeship Levy £87k. HMRC has reviewed NCC group of entities and requested each Trading Company to repay fees for last 6 years. 4. Inflationary impact of fuel and materials <p>Since the last report, talks have been ongoing between senior finance staff from NCH and NCC to identify what areas of the HRA budget may need to be supplemented. These discussions are ongoing and will finalise after there is an indication of results for the year end.</p>
3.4.3	<p>The HRA fees received from NCC include an additional fee for Voids work of £607k to reduce void numbers. Although Voids work has increased there is a possibility that all additional work will not be completed by year end and income accrued will not be due to NCH. This requires monitoring.</p>

3.4.5	<p>Transition costs are now projected to increase to £354k in the forecast outturn, with actuals YTD at P10 being £146k shown in the table below. Discussions have moved forward with NCC about funding some of these charges from the NCC Transition Budget. Colleagues in NCH and NCC finance are currently reviewing the details of the costs below to evidence that all costs are identifiable as transition. There are several costs that may continue into Q1 of 23/24 and this information has also been shared. A summary of current cost actuals YTD and projections up to 31 March 2023 is shown in the table below:</p> <table border="1" data-bbox="308 488 1422 1039"> <thead> <tr> <th data-bbox="308 488 1003 562">Transition Project Costs Description</th> <th data-bbox="1003 488 1219 562">Actuals P10 £'000</th> <th data-bbox="1219 488 1422 562">Forecast £'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 562 1003 600">Staffing Resource</td> <td data-bbox="1003 562 1219 600"></td> <td data-bbox="1219 562 1422 600"></td> </tr> <tr> <td data-bbox="308 600 1003 638">- Organisational Development</td> <td data-bbox="1003 600 1219 638">62</td> <td data-bbox="1219 600 1422 638">108</td> </tr> <tr> <td data-bbox="308 638 1003 676">- Finance & Procurement</td> <td data-bbox="1003 638 1219 676">45</td> <td data-bbox="1219 638 1422 676">96</td> </tr> <tr> <td data-bbox="308 676 1003 714">Non-Staff</td> <td data-bbox="1003 676 1219 714"></td> <td data-bbox="1219 676 1422 714"></td> </tr> <tr> <td data-bbox="308 714 1003 752">- Legal Phase 1</td> <td data-bbox="1003 714 1219 752">20</td> <td data-bbox="1219 714 1422 752">20</td> </tr> <tr> <td data-bbox="308 752 1003 790">- Legal Phase 2</td> <td data-bbox="1003 752 1219 790">0</td> <td data-bbox="1219 752 1422 790">10</td> </tr> <tr> <td data-bbox="308 790 1003 828">- Legal Termination Agreements</td> <td data-bbox="1003 790 1219 828">7</td> <td data-bbox="1219 790 1422 828">7</td> </tr> <tr> <td data-bbox="308 828 1003 866">- Consultancy</td> <td data-bbox="1003 828 1219 866">8</td> <td data-bbox="1219 828 1422 866">8</td> </tr> <tr> <td data-bbox="308 866 1003 904">- Tenancy Agreements/Letters</td> <td data-bbox="1003 866 1219 904">1</td> <td data-bbox="1219 866 1422 904">95</td> </tr> <tr> <td data-bbox="308 904 1003 943">- Comms and Marketing</td> <td data-bbox="1003 904 1219 943">3</td> <td data-bbox="1219 904 1422 943">10</td> </tr> <tr> <td data-bbox="308 943 1003 981"></td> <td data-bbox="1003 943 1219 981"></td> <td data-bbox="1219 943 1422 981"></td> </tr> <tr> <td data-bbox="308 981 1003 1039"></td> <td data-bbox="1003 981 1219 1039">146</td> <td data-bbox="1219 981 1422 1039">354</td> </tr> </tbody> </table>	Transition Project Costs Description	Actuals P10 £'000	Forecast £'000	Staffing Resource			- Organisational Development	62	108	- Finance & Procurement	45	96	Non-Staff			- Legal Phase 1	20	20	- Legal Phase 2	0	10	- Legal Termination Agreements	7	7	- Consultancy	8	8	- Tenancy Agreements/Letters	1	95	- Comms and Marketing	3	10					146	354
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3.4.6	<p>The above costs have been submitted to NCC with the request that approval is given to funding being reimbursed from the NCC HRA transition project budget (£0.750m). This discussion is now focused on details of the claim.</p>																																							
3.4.7	<p>In accordance with Board approval on 19 January 2023, and in relation to the agreement to recognise monies owed to the Nottingham City Council's HRA, an initial repayment of £1.61m will be paid to NCC in March 2023 (£1.2m of which was accrued in the previous years accounts).</p>																																							
3.4.8	<p>After a detailed review of both Rent and Nottingham on Call (NoC) Customer debts, the following have been presented for Board to approve as debts to be written off:</p> <ul style="list-style-type: none"> - Rent debts have been reviewed, and after exhausting all routes to collect the debts, the value of the write off for the Group is £52k, with £45k being for NCH and £7k being for NCHL. These have been reviewed by EMT and NCHL Board and approved by the Director of Resources. See Appendix 4a - NoC Customer Debts have been reviewed and after exhausting routes to collect these debts, £37k are recommended for write off. These have been reviewed and approved by the EMT and approved by the Director of Resources. See Appendix 4b. 																																							
3.4.9	<p>A summary of the financial position for each of the subsidiary companies is provided in <u>Appendix 1</u>. An explanation of the current and forecast financial</p>																																							

	position for each of the subsidiary companies, as shown in these appendices, are set out in sections below.
3.5	<u>NCH Enterprise Limited (NCHEL)</u>
3.5.1	The Nottingham City Homes Enterprises Limited (NCHEL) 2022/23 management accounts show a profit of £32k against a budgeted loss of £124k at the end of P10. This is an improved position with positive variances in both income £44k and expenditure £112k. This continues in the full year forecast with only a small loss of £19k anticipated, and a positive variance of £130k.
3.5.2	The rental income for the year is still above budget mainly due to rent recovered being higher than anticipated, as actual voids have been far below those built into the budget.
3.5.3	The largest variances are as follows: <ul style="list-style-type: none"> - Lease Repairs & Property £54k. Underspends across several budgets in repairs, estates and internal works. Work at Fairham House, £24k, will now not happen until the end of the lease. - Administration £62k. Underspends on valuation services, legal costs, landlord services and license fees. Expenditure in the final 2 months is expected to increase marginally with the forecast showing a small loss of £19k, shown in <u>Appendix1</u> .
3.5.4	A balance sheet and rolling 12 month cashflow forecast are now produced monthly as part of financial monitoring. The bank balance at the end of January 2023 was £266k, and total reserves were £2.63m.
3.6	<u>NCH Registered Provider (NCHRP)</u>
3.6.1	Nottingham City Homes Registered Provider (NCHRP) management accounts show a surplus of £526k against a budgeted surplus of £214k at P10. This improved position is mainly as voids periods have been less budgeted, and rental income is £336k positive variance at P10. The full year forecast now shows a surplus outturn of £549k, against the budgeted surplus of £257k.
3.6.2	Income: significant improvement to budget due to low void rates and the additional 10 properties taken on for market rents leased in November 2022.
3.6.3	Expenditure: <ul style="list-style-type: none"> - Management SLA costs have increased due to the higher number of properties. - Lease, repairs and property costs have increased have an adverse variance of £29k at P10, due to the increased number of properties, partially offset by reductions in council tax for void properties - Bad debt provision. This has been reviewed and reduced. The provision covers 100% of former tenants debt, and case by case assessment of current debts - £30k has been released to the I & E after reviewing accruals. - In overall terms, expenditure is now forecast to be over budget for the year, with an adverse variance of £115k in line with the reasons above.

3.6.4	The forecast surplus at yearend is expected to be £549k, a positive variance of £292k against the budget of £257k. The results are shown in Appendix 1 . The forecast surplus will remain more than budget for the rest of the financial year with some caution over annual increases to lease costs for homes not owned by the RP.															
3.6.5	A balance sheet and rolling 12 month cashflow forecast are now produced monthly as part of financial monitoring for NCHRP. The bank balance at the end of January 2023 was £1.53m, and the total reserves were £0.832m.															
3.7	<u>NCH (Directorates)</u>															
3.7.1	<p>Property Services, Housing Services and Corporate Services directorates are all now showing overspends at P10, and to an extent this is expected due to the pay award costs now being split out across the directorates.</p> <table data-bbox="304 757 1390 936"> <tr> <td>Property</td> <td>£1,651m</td> <td>adverse</td> </tr> <tr> <td>Housing Services</td> <td>£1,103m</td> <td>adverse</td> </tr> <tr> <td>Corporate Services</td> <td>£.356m</td> <td>adverse</td> </tr> <tr> <td>Mgt, Repairs & Central</td> <td><u>£(1,875)m</u></td> <td>positive (provision for pay removed)</td> </tr> <tr> <td>Net Variance</td> <td>£1,235m</td> <td>adverse</td> </tr> </table> <p>Although all the directorates now show an adverse variance due to the impact of the pay award, this is in large part offset by Central budget underspends where the pay award budget (of 2%) was held. The position across each Directorate is set out in Appendix 1, analysed across the constituent service areas within them.</p>	Property	£1,651m	adverse	Housing Services	£1,103m	adverse	Corporate Services	£.356m	adverse	Mgt, Repairs & Central	<u>£(1,875)m</u>	positive (provision for pay removed)	Net Variance	£1,235m	adverse
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Net Variance	£1,235m	adverse														
3.7.2	<p>Property (forecast £1,651m adverse variance):</p> <p>The current financial position for Commercial works continues to be of concern. The overspend has increased to a loss of £691k at P10 with an adverse variance of £1.1m. By yearend this is expected to be a loss of £721k, an adverse variance to the budgeted surplus of £1.2m.</p> <p>Full year forecasts continue to reflect a worsening of the full year position anticipated in some areas of Repairs and Maintenance, offset by underspends in Planned Repairs. There remains a significant swing in variance for M&E of adverse variance of £67k at P10. to the full year adverse variance of £547k at P10 due to profiling of spend</p>															
3.7.3	<p>Housing Services (forecast £1,103m adverse variance) :</p> <p>All areas are forecast to be overspent against budget, except Rents and Leaseholder costs. The main reason being the full impact of the pay award as stated at 3.7.1 with that now being split across directorates.</p> <ul style="list-style-type: none"> • Approx £700k is full impact of the final pay award across these teams • TEM - £366k adverse <ul style="list-style-type: none"> ○ Electricity and Gas charges have increased in this period. Gas alone has increased by 600% 															

	<ul style="list-style-type: none"> ○ Agency costs are estimated to be £100k over what was in the budget, these have been for Patch Managers and maternity cover. <p>Rents and Leaseholder - £141k positive Bank charges £29k less than projected in the budget, and the apprentice accrual has been reduced by £99k.</p>
3.7.4	<p>Corporate Services (forecast £ 0.356m adverse variance)</p> <p>A number of unbudgeted cost pressures have hit Corporate Services this year largely in relation to the transition project (as noted above in Section 3.4.5), particularly in the areas of Finance and HR / Organisational Development. In addition, difficulties in recruiting, and short term capacity requirements have meant that agency costs have been higher than anticipated – particularly in the areas of HR, Finance and Procurement. These pressures have been partially offset by a number of vacant posts within the Transformation / Projects team.</p>
3.7.5	<p>Management, Repair Fees and Central Charges (forecast £1,875m positive variance)</p> <p>The large part of this budget relates to Management fees, which are on budget at £42m at P10. Expenditure charged to P10 is £1.6m less than budgeted. This is due to the pay award provision of £1.3m being centrally held (whereas the spend shows against departments), and other small provisions to a value £300k being released as they are no longer required.</p>
3.8	Balance Sheet
3.8.1	<p>At the end of Period 10 the total investment made by NCH and increase in revalued Investment Properties was just over £71.2 million (536 homes). <u>Appendix 2</u> sets out how this is split across the Group and individual schemes. Loans to finance land and property assets are also shown in <u>Appendix 2</u>.</p> <p>A summary balance sheet has been included at <u>Appendix 3</u> at January 2023. Note: the difference between Asset Values on Appendix 2 and Total Fixed Assets on Appendix 3. The balance sheet includes the cost of vehicles and depreciation of all assets, whereas Appendix 2 is the cost of land and buildings only.</p>
3.8.2	<p>In Q2 it was reported that there would be a significant impairment in the value of the 27 homes in the Arboretum owned via a 999 year lease from NCC, by NCH. Work on the Arboretum has been reduced and it will not be completed until 23/24. The full valuation assessment will be completed at that time. An anticipated impairment on the scheme will therefore not impact the 2022/23 Financial Statements.</p>
3.8.3	NCH has cash in the sum of £18.1m in the bank at the end of January 2023.

	<p>Cashflow forecasts were not part of monthly reporting previously and so these have been set up since January 2023 for both NCHRP and NCHEL. These now take on more importance as the residual entities must be cash solvent or have a plan in place to sustain them until the asset disposals occur.</p> <p>NCH has a complex cash position as its cash must be split after yearend between the current trading entity and the residual company. A large amount will repay creditors, and fund works for properties following previous years Capital Programme from HRA investment. HRA funds will have stopped and on the 1st April 2023 there will be a separation of funds from the current entity of NCH Ltd to the residual entity. Given the complexity of this task, and volume of work with year-end and transition, Mazars will be engaged to analyse this cashflow forecast, and to provide reassurance to all stakeholders.</p> <p>Rolling 12 month Cashflow Forecasts are in place for NCHEL and NCHRP.</p>
3.8.4	Financial matters relating to NCHEL form the subject of a separate report to Board.
3.8.5	<p>NCH holds revenue reserves created by prior year surpluses which are allocated against agreed priorities. Most NCH reserves were put aside to support the financing of new build activity and acquisitions of homes as approved in the business plan and have been used to:</p> <ul style="list-style-type: none"> • directly fund capital investment (e.g., purchase of Arboretum Phase 1 homes from NCC), • reduce the level of loans drawn down • repay loans annually
3.8.6	<p>If all remaining and outstanding NCC approved loans had been drawn down by the year-end, then the level of reserves financing NCH assets would have been c£8m. However, this will not now happen due to HRA activities moving back into NCC, and the level of internal financing from reserves will need to be much higher. This was set out in report to Board on 19 January 2023 in relation to the request from NCC to return monies to the HRA.</p> <p><u>Appendix 2</u> shows the current loans drawn down by NCH and the value of those assets without loans, the largest being the Arboretum at £5.1m and Midlands House at £4.2m.</p> <p>An Assets Options Appraisal project has been set up by NCC to evaluate the sale / transfer options in relation to residual entity assets to understand which will give maximum value to the residual companies and the lender, NCC.</p>
4	FINANCIAL, LEGAL AND RISK IMPLICATIONS
4.1	<u>Financial Implications</u>
4.1.1	The financial implications are set out above.
4.2	<u>Legal Implications</u>

4.2.1	All assets against which Group companies have borrowed have been charged to the value of the loan with a debenture being registered against NCHL by NCC.
4.2.2	The loan facility agreement for lending up to £24,060,000 to NCHL expires on 31 March 2023. No additional loans will be drawn, as the MTFP has been halted due to HRA activities going back to NCC.
4.3	<u>Risk Implications</u>
4.3.1	<p>Cash implications for the residual entities:</p> <ul style="list-style-type: none"> - NCHL has insufficient cash insolvency to meet loan repayments due NCC. This has been reported to Board and NCHL Board and a formal request to defer repayments has been made to NCC. - NCHRP has a positive cashflow forecast over the next 12 months - NCH: more complex as its cash needs to be split after March 2023. A large amount will repay creditors, and fund works for properties following HRA investment. In addition, a separate cashflow forecast is required for the residual entity going forward. - Note: Mazars have been engaged to provide additional assurance on cashflow forecasts.
4.3.2	The biggest risk to the Group's financial position has been the impact of the full pay award against what was in the budget of 2%. With other inflationary pressures, like materials and fuel, this has significantly reduced the budgeted surplus. However, since last reporting there have been discussions between senior NCH and senior NCC staff regarding the impact of budget pressures. A final review will take place when P12 results are available to review if further HRA fees are considered appropriate.
4.3.4	<p>Risks outlined in the report as well as all other risks in relation to the Group's financial position this year, are as follows:</p> <ul style="list-style-type: none"> • Level of losses within Commercial Services. This service will deliver a loss and is currently forecast to be at £1.2m variance to the budgeted surplus. • Delivery of additional voids works to support the draw down of additional of HRA fees of £607k. • Under-recovery of income and management fees of respective expenditure (mainly capital works) within income levels achieved. • Price increases and inflation in the economy (materials, fuel, labour). • 2022/23 pay award risk of the additional days annual leave impacting productivity and therefore financial out turn. • Level of sickness absence and its impact on actual available staff resources funded by budgets. • Current recruitment delays as jobs are (re) evaluated before they can be advertised and recruited to on NCC terms and conditions. • Transition costs absorbed by NCH to support transfer to NCC forecast as £354k by yearend. Discussions taking place with NCC to fund. • Sustainability of the residual entities over 12 months from a cash perspective.

	<ul style="list-style-type: none"> Loss / impairment on the final asset value of Land & Buildings following completion/revaluation (Arboretum). Completion will be in 23/24.
5	IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES
5.1	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 as set out in the Board paper on 19 January 2023.
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	<p><u>Appendix 1</u> - I&E Summaries P10</p> <p><u>Appendices 2</u> - Capital: Fixed Assets – Land & Buildings P10</p> <p><u>Appendices 3</u> – NCH Balance Sheet as at January 2023</p> <p><u>Appendix 4a & 4b</u> – NCH Ltd Rent Write Offs/NOC Debt Write Offs</p>
Contact officers:	Name: Bev Swift
	Address: Loxley House, Station Street, Nottingham NG2 3NJ
	E-mail: bev.swift@nottinghamcityhomes.org.uk
Date: 27 March 2023	

NCH GROUP WIDE SUMMARY

PERIOD 10

31st January 2023

I&E	BUDGET	ACTUAL	VARIANCE	BUDGET	FORECAST	VARIANCE
	Year To Date	Year To Date	Year To Date	Full Year	Full year	Full Year
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
HRA Revenue Fees	41,756	41,703	53	50,107	50,107	0
Other Income	25,680	23,169	2,511	30,816	28,550	2,266
Total	67,436	64,872	2,564	80,923	78,657	2,266
Less :						
Expenditure						
Employee Costs	37,340	34,348	(2,991)	44,808	41,621	(3,187)
Non-Pay Costs	28,828	27,828	(1,000)	34,593	36,327	1,733
Total	66,167	62,176	(3,991)	79,401	77,948	(1,453)
Surplus	(1,268)	(2,696)	(1,427)	(1,522)	(709)	812
NCH BOARD	£'000	£'000	£'000	£'000	£'000	£'000
NCH	(1,177)	(2,138)	(960)	(1,413)	(179)	1,234
NCHEL	124	(32)	(156)	148	19	(130)
NCHRP	(214)	(526)	(311)	(257)	(549)	(292)
Total	(1,268)	(2,696)	(1,427)	(1,522)	(709)	812

NCH EL

PERIOD 10

31st January 2023

	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
Income						
Rents Income	938	984	(47)	1,125	1,180	(55)
Rents - Intercompany Lease	238	235	3	285	282	3
Other	0	0	0	0	0	0
Total	1,175	1,219	(44)	1,410	1,462	(52)
Less :						
Expenditure						
Management	115	115	0	138	139	1
Lease, Repairs & Property	283	229	(54)	340	296	(44)
Loan Interest	770	774	4	924	929	5
Admin & Other Costs	130	69	(62)	156	117	(40)
Total	1,299	1,187	(112)	1,558	1,481	(78)
LOSS / (SURPLUS)	124	(32)	(156)	148	19	(130)

NCH RP

PERIOD 10

31st January 2023

	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
Income						
Rental Income	6,114	6,450	(336)	7,336	7,743	(407)
Other	37	34	3	44	44	0
Total	6,150	6,484	(333)	7,380	7,787	(407)
Less :						
Expenditure						
Management (SLA)	1,848	1,898	49	2,218	2,284	66
Lease, Repairs & Property	3,599	3,628	29	4,318	4,442	124
Loan Interest	107	108	1	128	128	0
Admin & Other Costs	382	324	(58)	459	384	(75)
Total	5,936	5,958	22	7,123	7,238	115
(Surplus)	(214)	(526)	(311)	(257)	(549)	(292)

PROPERTY SERVICES

PERIOD 10

31st January 2023

	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
ASSET MANAGEMENT						
Income	1,383	1,856	(473)	1,660	2,088	(428)
Expenditure	4,861	5,142	281	5,833	6,225	393
	3,477	3,285	(192)	4,173	4,138	(35)
DEVELOPMENT						
Income	647	672	(25)	777	761	16
Expenditure	1,037	680	(357)	1,244	1,093	(151)
	390	8	(382)	467	332	(135)
VOIDS						
Income	1,832	1,443	389	2,198	1,780	419
Expenditure	4,944	4,525	(419)	5,933	5,726	(208)
	3,113	3,083	(30)	3,735	3,946	211
RESPONSIVE REPAIRS						
Income	50	13	38	60	70	(10)
Expenditure	4,025	4,451	425	4,830	5,354	524
	3,975	4,438	463	4,770	5,284	514
MECHANICAL & ELECTRICAL						
Income	3,272	3,909	(637)	3,926	4,358	(432)
Expenditure	5,642	6,345	704	6,770	7,749	979
	2,370	2,437	67	2,844	3,392	547
PLANNED MAINTENANCE						
Income	1	168	(167)	1	372	(371)
Expenditure	2,838	2,340	(498)	3,405	3,006	(400)
	2,837	2,173	(664)	3,404	2,633	(771)
BUSINESS SERVICES						
Income	50	118	(68)	60	130	(70)
Expenditure	3,451	3,557	106	4,141	4,498	356
	3,401	3,440	39	4,081	4,368	286
COMMERCIAL						
Income	9,308	5,411	3,896	11,169	7,177	3,992
Expenditure	8,889	6,102	(2,787)	10,667	7,898	(2,769)
	(418)	691	1,110	(502)	721	1,223
OTHER MANAGEMENT						
Income	0	0	0	0	0	0
Expenditure	2,259	2,058	(201)	2,711	2,521	(190)
	2,259	2,058	(201)	2,711	2,521	(190)
Net Budget Position	21,404	21,612	209	25,684	27,335	1,651

HOUSING SERVICES

PERIOD 10

31st January 2023

	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
TEM (Including T&LI)						
Income	19	1	18	23	1	22
Expenditure	3,248	3,380	131	3,898	4,242	344
	3,229	3,378	149	3,875	4,241	366
ESTATE CARETAKERS						
Income	0	0	0	0	0	0
Expenditure	1,254	1,265	11	1,505	1,512	7
	1,254	1,265	11	1,505	1,512	7
CUSTOMER EXCELLENCE (C&M)						
Income	0	0	0	0	0	0
Expenditure	1,841	1,946	105	2,209	2,360	151
	1,841	1,946	105	2,209	2,360	151
SUPPORTED HOUSING						
Income	0	0	0	0	0	0
Expenditure	1,815	1,927	113	2,178	2,417	239
	1,815	1,927	113	2,178	2,417	239
HOUSING OPTIONS						
Income	0	0	0	0	0	0
Expenditure	1,219	1,344	124	1,463	1,738	274
	1,219	1,344	124	1,463	1,738	274
RENTS & LEASEHOLDER						
Income	0	0	0	0	0	0
Expenditure	1,712	1,493	(218)	2,054	1,913	(141)
	1,712	1,493	(218)	2,054	1,913	(141)
OTHER MANAGEMENT						
Income	4	3	1	5	2	3
Expenditure	369	438	69	443	647	204
	365	435	70	438	645	207
Net Budget Position	11,435	11,788	353	13,722	14,824	1,103

CORPORATE SERVICES

PERIOD 10

31st January 2023

	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
FINANCE & PROCUREMENT						
Income	2	3	(0)	3	3	0
Expenditure	627	646	19	752	854	102
	625	644	19	750	852	102
BUSINESS TRANSFORMATION						
Income	0	0	0	0	0	0
Expenditure	1,526	1,384	(143)	1,832	1,752	(80)
	1,526	1,384	(143)	1,832	1,752	(80)
ORGANISATIONAL DEVELOPMENT						
Income	106	275	(169)	128	291	(163)
Expenditure	1,344	1,519	175	1,613	1,877	264
	1,238	1,244	6	1,485	1,586	101
RISK MGT, GOV & CUSTOMER INSIGHT						
Income	0	0	0	0	0	0
Expenditure	420	569	149	504	725	221
	420	569	149	504	725	221
OTHER MANAGEMENT						
Income	146	146	0	175	175	0
Expenditure	182	184	2	219	230	11
	36	38	2	44	55	11
Net Budget Position	3,845	3,879	34	4,614	4,970	356

MGT & REPAIR FEES & CENTRAL**(37,861)****(39,417)****(1,556)****(45,433)****(47,308)****(1,875)**

Capital: Fixed Assets, Land & Buildings
Actual Position at Period 10 (End of January 2023)

Appendix 2

Scheme	No of Properties	Value £'000	Original Debt £'000	Current Debt £'000	Grant £'000	Comments
NCH Main Company						
Eddlestone & Wendover	6	635	0	0		
Radford	52	6,597	6,526	6,193		
Lenton	62	9,905	6,800	6,500	2,100	
Homes for Homeless Families & Housing Led	161	16,113	14,832	13,888		Properties owned by NCH & leased to NCHRP.
Market rent - Forest Road West	10	980				Includes increase in revaluation of £0.1m.
Arboretum	27	5,106				Includes construction & acquisition costs.
Midlands House - construction	21	3,667				
Midlands House - Land	0	500				Includes increase in revaluation of £0.3m.
	339	43,503	28,158	26,581	2,100	
NCH RP						
Church Square	17	2,673	2,230	2,163	429	
Martin's Reach	14	1,140	1,115	1,092		
Move-on	8	1,158	734	731	400	
	39	4,971	4,079	3,986	829	
NCH EL						
Market Rent	100	14,377	11,480	11,258		Includes increase in revaluation of £2.838m.
Masson House - Arkwright Walk	16	2,260	1,992	1,951		Includes increase in revaluation of £0.262m.
Fairham House - Clifton Triangle	24	3,400	3,228	3,161		Includes increase in revaluation of £0.172m.
Ryehill House - Arkwright Walk	18	2,700	2,403	2,370		Includes increase in revaluation of £0.099m.
	158	22,737	19,103	18,740	0	
Group Summary	536	71,212	51,340	49,307	2,929	

NCH Limited - Summary Balance Sheet as at 31st January 2023

	Year to Date Period 10 £'000	Prior Year 31/03/2022 £'000	Movement £'000	Notes
Fixed Assets				
Tangible Assets	33,382	32,051	1,331	Reconciled
Investment Properties	8,739	8,739	0	
Total Fixed Assets	42,121	40,790	1,331	
Current Assets				
Stocks and work in progress	1,643	1,536	107	
Debtors due within one year	3,377	3,506	(129)	
Cash at bank and in hand	18,174	12,226	5,948	Movement relates to clearance of interco and creditors at yearend
	<u>23,194</u>	<u>17,268</u>	<u>5,926</u>	
Liabilities				
Creditors: amounts falling due within one year	(16,322)	(11,144)	(5,178)	Movement relates to clearance of interco and creditors at yearend
Net Current Liabilities	6,872	6,124	748	
Total Assets Less Current Liabilities	48,993	46,914	2,079	
Creditors: Amounts falling due after more than one year	(26,581)	(26,640)	59	Loans
Provisions for Liabilities	(305)	(305)	0	
Net Assets Excluding Pension Liability	22,107	19,969	2,138	
Defined Benefit pension Scheme Liability	(119,303)	(119,303)	0	Pension Report for 2022/23 due April 23
Net Liabilities Including Pension Liability	(97,196)	(99,334)	2,138	
Capital and Reserves:				
Revaluation Reserve	389	389	0	
Profit (Loss) Account YTD 2023	2,138		0	
Profit (Loss) Account b/f	(99,723)	(99,723)	0	
Total Equity	(97,196)	(99,334)	2,138	

Rent Write Off's

Appendix 4a

The table below gives a breakdown of debt relating to former tenancies associated with properties transferred to NCHEL in 20/21. Debt collection strategies have been exhausted. These debts are considered un-collectable and recommended to be written off. The value of the write off for the group is £52,199.80, of which £44,982.51 relates to NCH Ltd, being tenancy periods pre-transfer to NCHEL and correctly funded from NCH bad debt provision. The remaining debt will be written off to the NCHEL bad debt provision already approved by NCHEL Board.

There is adequate bad debt provision, and this write off will not impact the profit and loss account for 2022/23. This has been approved by James Howse Director of Resources.

Property Reference	Address Line 1	Former Balances @ 31.03.2022	Tenancy End Date	Recommendation	Former Debt prior NCHEL ownership Oct 2020	NCH	NCHEL
MKCAS025000	25 CASTLEFIELDS	272.89	14/08/2019	WRITE OFF	Yes	272.89	0
LVGMAS01200	APT 12	371.44	17/03/2020	WRITE OFF	Yes	371.44	0
MKCAS043000	43 CASTLEFIELDS	200	31/07/2019	WRITE OFF	Yes	200	0
MKCAS043000	43 CASTLEFIELDS	225	09/11/2020	WRITE OFF	Yes	225	0
MKARC000300	3 ARCHWAY COURT	443.86	31/03/2018	WRITE OFF	Yes	443.86	0
MKHOG041000	41 HOGARTH STREET	493.63	31/03/2020	WRITE OFF	Yes	493.63	0
MKMBR020000	18 MEADOW BROWN ROAD	493.98	20/09/2020	WRITE OFF	Yes	493.98	0
MKARC000100	1 ARCHWAY COURT	656.1	18/08/2017	WRITE OFF	Yes	656.1	0
MKSHI003000	3 SHIRES DRIVE	2,232.58	29/01/2021	WRITE OFF		990.85	1,241.73
MKCHE032000	32 CHELMSFORD ROAD	2,273.09	27/11/2019	WRITE OFF	Yes	2273.09	0
MKPLA002100	21 PLANTAGENET COURT	3,579.66	06/03/2019	WRITE OFF	Yes	3579.66	0
MKARC000200	2 ARCHWAY COURT	3,636.11	31/10/2019	WRITE OFF	Yes	3636.11	0
MKTEN00120A	FLAT A	4,266.10	03/05/2021	WRITE OFF	NCH Owned	4,266.10	
MKMAP00300C	FLAT 3	3,100.50	17/07/2017	WRITE OFF	NCH Owned	3,100.50	
MKMAP00300C	FLAT 3	1,498.45	10/10/2019	WRITE OFF	NCH Owned	1,498.45	
MKDRA003000	3 DRAYMANS COURT	4,854.10	27/11/2019	WRITE OFF	Yes	4854.1	0

MKGAR010000	185 THE WELLS ROAD	5,227.32	12/02/2020	WRITE OFF	Yes	5227.32	0
MKLAM010000	10 LAMCOTE STREET	5,608.69	26/07/2017	WRITE OFF	Yes	5608.69	0
LVGMAS00800	APT 8	5,975.56	17/02/2022	WRITE OFF	No	0	5,975.56
MKWIL034000	34 WILFORD CRESCENT EAST	6,790.74	27/11/2019	WRITE OFF	Yes	6790.74	0
Total to write off 2022/23		52,199.80				44,982.51	7,217.29

NOC DEBT WRITE OFFS
MT 6 FEBRUARY 2023
NOTTINGHAM ON CALL FORMER CUSTOMER DEBT
WRITE OFF
ANTONY DIXON, HEAD OF SUPPORTED HOUSING

APPENDIX 4B

SUMMARY

This report provides EMT with detail of Nottingham on Call (NoC) former customer arrears, the steps that NoC take to recover such arrears and recommends that a report is submitted to NCH Board to approve write off of these arrears before year end.

RECOMMENDATIONS FOR EMT

1. It is recommended that a report is submitted to NCH Board to approve write off of NoC former customer arrears as detailed at Appendix 1. The total amount to be written of is £37,035.84 in respect of 192 accounts where the debt recovery process has been exhausted and where there is little chance of recovery. Provision has already been made to enable this debt to be written off

REPORT DETAIL

NoC now has over 3000 'private' customers who pay directly for the service they receive. These customers are cross tenure, and many reside outside of Nottingham city boundaries

Since 2018 NoC has encouraged customers to pay by monthly direct debit as this is the most reliable means of payment for the service. Since the 1st April 2022 the only payment methods available to new customers (unless in exceptional circumstance) are direct debit or annual payment in advance. With the exception of customers where equipment is installed as part of a hospital discharge NoC now require payment arrangements to be in place/made before equipment is installed.

For instances where the customer does not pay as agreed the service has a consistent and robust debt process:

1. Customers who are in more than 1 month in arrears receive a letter advising them of this and action they need to take to make payment and continue to receive the service
2. A follow up letter is sent if, after 1 month, no payment is received. This states that there is a risk that the service will be withdrawn if payment is not received. A copy of this letter is also sent to any next of kin. If social care were the referring agency they are also advised.
3. If after a further month payment is still not received a 'withdrawal of service' letter is sent. This advises that if payment is not received within 2 weeks the equipment will be collected.

If after 2 weeks payment is not received arrangements will be made to collect the equipment.

Normally until a customer returns their equipment the debt is consider 'current customer debt' and the level of debt will continue to accumulate on a weekly basis in line with agreed charges. Current customer debt also includes some customers who have fallen into arrears with payments. Customers who have returned the equipment but have not cleared their debt are moved to 'former customer' debt.

All former customer debt is passed over to the Equita debt collection agency. Equita contact former customers on our behalf in order to attempt to recover the debt. If this is unsuccessful the debt will remain and will be set aside for 'write off'. A substantial number of former customer debtors will be deceased or residents of long-term care.

NoC Debt meetings are held every month to monitor levels of debt and actions taken to recover. A KPI is in place to assist with this process with a target of current customer debt being less than 5% of forecast annual income.

Appendix 1 contains detail of all former customer debt where the debt recovery process has been exhausted. This amounts to 192 cases with a total debt of £37,035.84. Some of these cases date back to 2017/18 as no former tenant debt has been formally written off since then. As there is no reasonable prospect of recovering this debt without issuing formal proceedings it is proposed that this debt is now formally written off. This will ensure that there is minimal former customer debt carried forward into new NCc accounts for NoC.

There is currently provision of £58,000 set aside to write of customer debt

FINANCIAL / LEGAL / OD IMPLICATIONS

Legal Implications: Comment provided by Mona Sachdeva, Company Solicitor - There are no legal implications arising from this paper

Financial Implications: Comment provided by Bev Swift, Interim Assistant Director of Finance and Procurement - Finance have reviewed and approved this write off

APPENDICES AND BACKGROUND PAPERS

Appendix 1 – NoC Debt to be Written Off. **Summary below:**

Year	Amount
2022-23	13,454.91
2021-22	2,659.83
2020-21	10,773.67
2019-20	2,806.21
2018-19	3,193.06
2017-18	4,148.16
Total	37,035.84