



Registered Provider Q3 Monitoring Report

Date: 22 February 2022

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Finance Monitoring

Income and Expenditure

Nottingham City Homes Registered Provider (NCH RP) management accounts show a surplus of £164k at the end of Quarter 3, a position which is above that budgeted of £113k. The full year budget is a surplus of £150k. Given the increased surplus achieved in year, the forecast outturn position was increased to £221k in Quarter 2 and has been retained.

A summary of the financial position at the end of Quarter 3 together with the budget and forecast outturn for the financial year is shown in [Appendix 1](#).

The current financial position has improved since Quarter 2 as additional homes have been leased during the year and rent loss through voids as well as anticipated bad debt levels have been less than those prudently assumed in the budget. The forecast was increased to reflect this in Quarter 2. Further properties shall be leased over the final Quarter but not in such numbers that will impact significantly on the outturn position, as shown in Appendix 3. The forecast shows a prudent and fully achievable position but with current performance likely to continue across Quarter 4, it is probable that the final outturn will exceed forecast, increasing the level of surplus.

[Appendix 2](#) shows income and expenditure for the financial year by the activities undertaken by NCH RP. Central costs includes the estimated corporation tax charge and any other costs not directly attributable to an activity e.g. Board training, NCH senior management and support services. The budget and forecast figures assume that lease and NCH Service Level Agreement (SLA) charges, agreed and approved by the Board, commence on the day the property is leased by NCH RP.

Capital & Leases

NCH RP currently owns land and 39 homes at a cost of just under £5 million. At the end of the Quarter 3, 330 homes were leased by NCH RP and this is forecast to rise to 346 by the year-end. Approval is in place for leased properties to increase further next year where demand supports this. These figures are shown in the Capital and Leases summary in [Appendix 3](#), with colour coding used to show how these assets relate to the activities included in [Appendix 2](#). NCH RP current leases 24 homes at Fairham House from NCH EL and this lease has been extended into 2022/23 following Board approval.

Nottingham City Council (NCC) loans are in place for Church Square and Martin's Reach and NCC approval is in place to provide a loan to support the cost of the 8 Move-on homes. Draw down of this loan has been requested and is still with NCC, who initially proposed a commercial loan interest rate. Although drawdown has been delayed by NCC, it is understood that it will be provided at rates (PWL_B+0.4%) provided on previous loans by NCC.

In the absence of an NCC loan for the Move-on homes NCH is supporting the RP. It is proposed that an interest contribution is paid to NCH at an PWLB 1 year annuity loan rate (2.12%) up to the value of the outstanding loan (£0.734m).

Current PWLB rates, with the addition of NCC's 0.4% uplift, are as follows. For comparison, the table includes the fixed loan rates on the two existing NCC loans held by NCHRP.

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Loan Period (Yrs)	PWLB Rate	NCC Rate	Martins Reach	Church Square
30	2.61%	3.01%		
40	2.63%	3.03%		
50	2.58%	2.98%	3.35%	3.21%

Financial, Legal & Risk Implications

The cumulative surplus position since NCH RP commenced trading provided reserves of £42k at the end of the 2020/21 financial year. The delivery of a surplus in line with the forecast in 2021/22 will mean that NCH RP will hold reserves of £263k by the financial year-end. This well exceeds the cost to date of servicing debt and capital asset expenditure. NCH RP reserves would be reduced by any pre-start costs incurred on new build / refurbishment schemes that did not go ahead e.g. Laura Chambers Lodge.

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

- Turnover of tenancies and void periods;
- Level of bad debt;
- Additional leases established during the year; and
- Timing of homes leased and let.

Any significant change in the full year outturn position will be affected by tenancies, void periods and number of additional leases secured and in place across the remainder of the financial year.

The format of the loan agreements referred to in the report have been agreed with NCC Legal and it is anticipated the loan agreement for the 8 Move-on homes will be in the same format.

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Appendix 1

NCH RP - Income & Expenditure

Quarter 3

2021/22

	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	4,317	4,462	(145)	5,656	6,007	(351)
Other	51	46	5	68	68	0
Total	4,368	4,508	(140)	5,724	6,075	(351)
Less :						
Expenditure						
Management (SLA)	1,402	1,416	13	1,837	1,880	43
Lease, Repairs & Property	2,510	2,648	138	3,283	3,596	313
Loan Interest	92	92	0	123	123	0
Other Costs	251	188	(64)	331	255	(76)
Total	4,255	4,343	88	5,574	5,854	280
(Surplus)	(113)	(164)	(52)	(150)	(221)	(71)

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Appendix 2

NCH RP - Full Year Forecast

2021/22

	SOCIAL HOUSING	MOVE-ON	HOMELESS FAMILIES	PSLs & SERVICE LEASES	HIGHWOOD HOUSE	TOTAL
HOMES	31	8	185	132	29	385
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rental Income	201	94	2,827	2,351	534	6,007
Other	6	32	-	-	30	68
Total	207	126	2,827	2,351	564	6,075
Less :						
Expenditure						
Management (SLA)	10	24	1,106	437	281	1,858
Lease, Repairs & Property	74	23	1,506	1,750	246	3,599
Loan Interest	107	16	-	-	-	123
Other Costs	4	41	59	47	17	168
Total	195	104	2,671	2,234	544	5,748
Central Costs						106
(Surplus)	(13)	(22)	(155)	(117)	(20)	(221)

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Appendix 3

Capital and Leases

NCHRP Owned	Quarter 3		Forecast Homes	Financing:	
	Homes	£'000		Loan * £'000	Grant & Reserves
Church Square	17	2,673	17	2,193	480
Martin's Reach	14	1,140	14	1,106	34
Move On Accommodation	8	1,158	8	734	424
Total Owned	39	4,971	39	4,033	938
Managed under leases			Approved Homes		
NCH & NCHEL	185		185		244
Private Sector Landlords - general	21		27		48
Private Sector Landlords - serviced leases	95		105		126
NCC - Highwood House	29		29		29
Total Leased	330		346		447
TOTAL HOMES	369		385		

* - the Move-on loan is yet to be drawdown from NCC. This will be done once agreement on loan rate is made with NCC.

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Q3 Performance Monitoring

THE NCH Registered Provider Board oversees performance of the activities of the NCH RP. The attached report shows the current performance for the properties for which the RP has overall management responsibility.

This report shows performance for the year up to December 2021.

The report has been broken down to show performance by the three groups, permanent housing, temporary housing and NCH social rent properties.

NCHRP has 369 properties that are used for the provision of housing and has management oversight for a further 120 NCH Ltd Social Rent properties. This total can be broken down into three very different types of property – 50 permanent homes, 319 temporary homes and 120 NCH social rent properties.

We have included information showing how the performance compares with other organisations who benchmark through Housemark, where this is available.

Most of the measures are above target. Whilst rent collection continues to be below target, the rationale for this is primarily a housing benefit issue which is further explained in the commentary below. Due to the small number of properties in the portfolio there is always the potential for fluctuations in the results. This is evident for example where the Average Relet Time (ART) for Social rent properties stands at 60 days which relates to 1 property being let in the first quarter.

Data in the report includes:

- Stock
- Complaints
- Rent Collection
- Re-let and empty property data

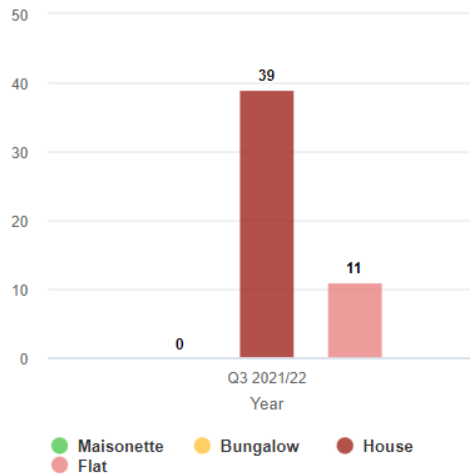
An annual survey is currently underway of NCHRP tenants providing customer satisfaction information. Once this information is available, this will be reported to the Board.

Performance will continue to be managed robustly at a local level and managers shall implement actions to address underperformance.

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Registered Provider Board (permanent homes) Performance Dashboard Q3 2021-22

Housing Stock (permanent homes)

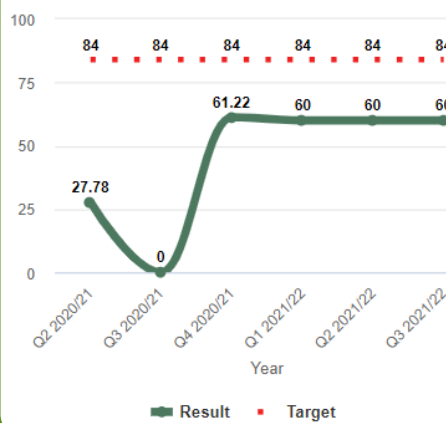


Benchmarking: No benchmarking figure



Meeting target, performance is better than 2020/21

Number of complaints relative to the size of the landlord (Complaints per 1,000 properties) (permanent homes)



The level of complaints is below the target we have set and is remaining steady at 60 complaints per 1,000 properties (3 complaints in the rolling year).

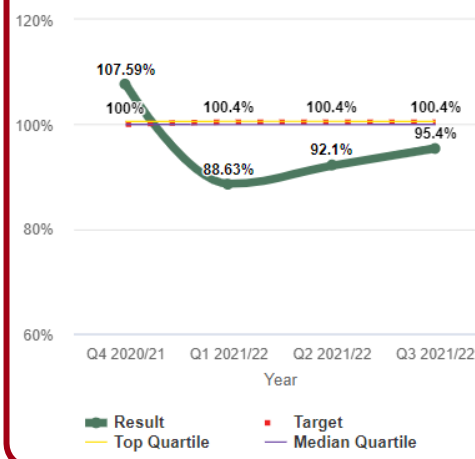


Benchmarking: Bottom quartile performance



Not meeting target, performance is worse than 2020/21

Percentage of rent collected (permanent homes)



Arrears Collection % has improved on the previous quarter by 3.3%

The % collection rate can be affected due to a number of factors such as the timing of Housing Benefit Payments, residents having a change of circumstances which impact on their ability to pay on time.

The average monthly charge for these properties is £641 per calendar month with the highest rent charge at over a £1000 Per Month. Because of the timings of the Housing Benefit cycles which pay every 4 weeks, we will

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receive 13 payments through a 12-month period.

Arrears will remain on the account until the thirteenth payment of Housing Benefit is received at the end of the financial year.

The % collection rate can be affected due to a number of factors such as the timing of Housing Benefit Payments, residents having a change of circumstances which impact on their ability to pay whilst relevant claims for benefits are processed.

We are continuing to see significant numbers of residents claiming Universal Credit (UC).

The increase in the cost of living and the removal of the £20 uplift in UC has resulted in a number of financial difficulties with our residents struggling to make ends meet.

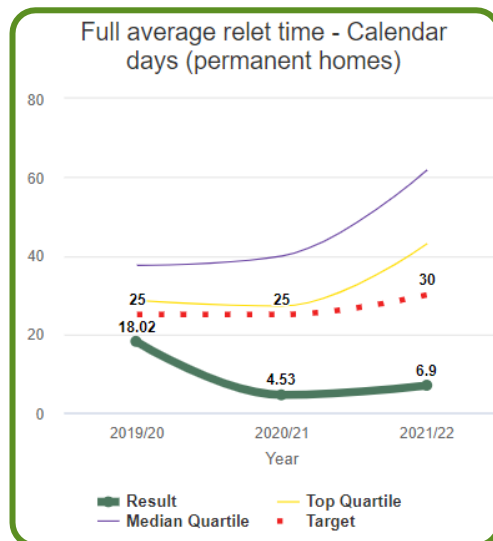
Data from HouseMark Autumn Quarterly Forecast suggest that arrears are 30% higher than pre pandemic levels, and will not return to these levels in the short term.



Benchmarking: Top quartile performance



Meeting target, performance is worse than 2020/21



Our year one Corporate Plan target is to achieve an average relet time (ART) of 30 days. Robust performance management is in place with daily dialogue between all team members to ensure homes are let as swiftly as possible.

9 RP permanent homes were let during the first three quarters of 2021/22 with an average turnaround of 6.9 days.

There are currently 2 RP permanent voids. Work is being prioritised to minimise void time and identify new tenants through the Housing First programme.

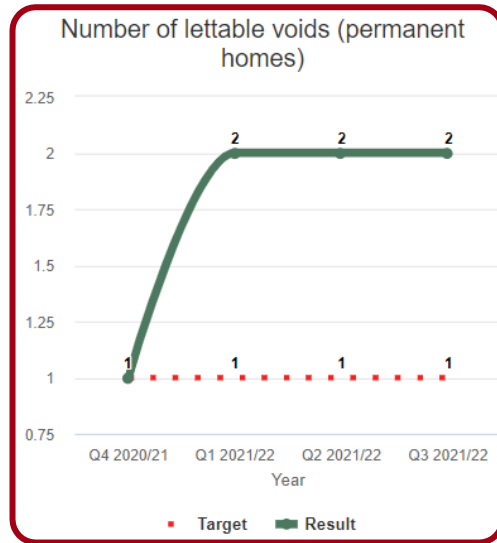
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Benchmarking: No benchmarking figure



Not meeting target, performance is worse than 2020/21



Meeting target, performance is better than 2020/21



Benchmarking: Top quartile performance



Meeting target, performance is worse than 2020/21



Benchmarking: Upper median performance



Not meeting target, performance is worse than 2020/21



Benchmarking: Lower median performance



Not meeting target, performance is better than 2020/21



Benchmarking: Bottom quartile performance



No target set, no change in performance than 2020/21



Benchmarking: No benchmarking figure

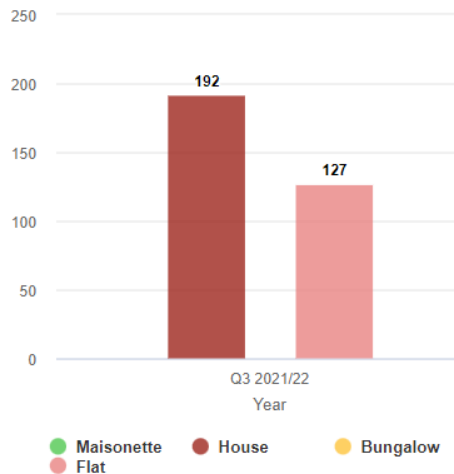
Performance has met target

Performance is below target

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Registered Provider Board (temporary homes) Performance Dashboard Q3 2021-22

Housing Stock (temporary homes)

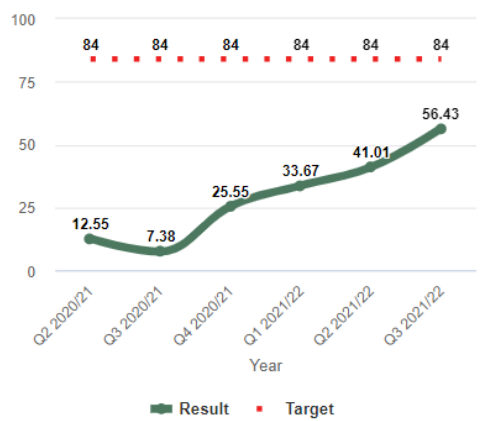


Benchmarking: No benchmarking figure



Meeting target, performance is worse than 2020/21

Number of complaints relative to the size of the landlord (Complaints per 1,000 properties) (temporary homes)



The level of complaints is below the target we have set and has slightly increased to 56 complaints per 1,000 properties (18 complaints in the rolling year).

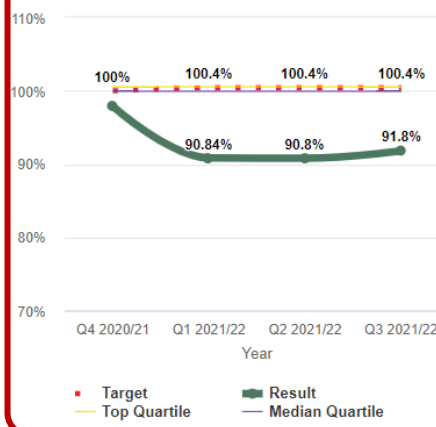


Benchmarking: Bottom quartile performance



Not meeting target, performance is worse than 2020/21

Percentage of rent collected (temporary homes)



Rent collection within Temporary Accommodation is affected by the 4 weekly cycle of Housing Benefit payments and this does impact on performance figures, with Housing Benefit owed for the last four weeks of Quarter 3. Compared to the same period last year there is an increase in rent collection from 88.86% to 91.8%.

Due to the nature of temporary accommodation we have a high turnover and so have many new applicants for Housing Benefit who are waiting for payments to begin, and this does impact on rent collection.

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The solution has been to tighten our procedures to ensure any time lags between applying for Housing Benefit and receiving it are minimised.

The team work hard to ensure that Housing Benefit is in payment and new claims are submitted promptly.

We have developed a good working relationship with the Senior Housing Benefit Officer so we can resolve any issues promptly.

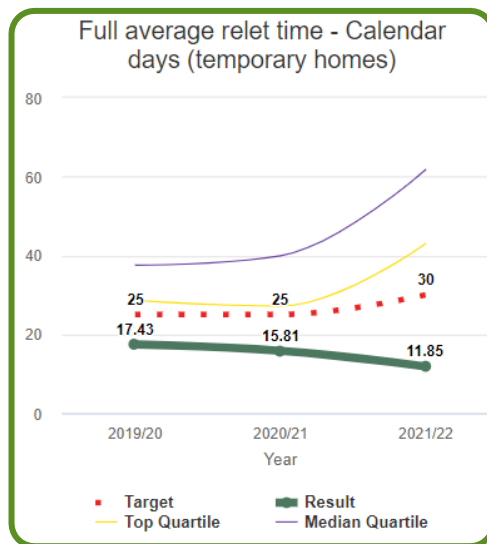
There is a focus within the team to maximise rent collection for the final quarter.



Benchmarking: Top quartile performance



Meeting target, performance is better than 2020/21



This calculation is for temporary accommodation across the city, including serviced leased accommodation.

339 temporary accommodation homes have been in the first three quarters of 2021/22, in an average of under 12 days.

Robust performance management is in place with daily dialogue between the Temporary Accommodation Team, Housing Aid and Voids to ensure homes are let as swiftly as possible.

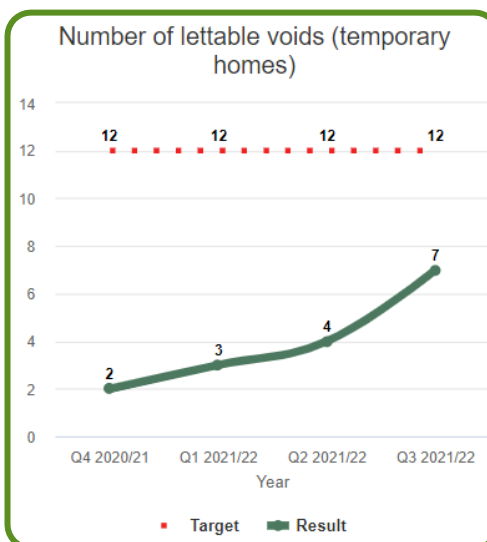
There were 7 lettable voids in RP temporary stock at the end of Quarter 3.



Benchmarking: No benchmarking figure













Meeting target, performance is worse than 2020/21



We continue to ensure that voids for Temporary Accommodation are prioritised and turned around as quickly as possible to minimise rent loss and make these available for other homeless families.

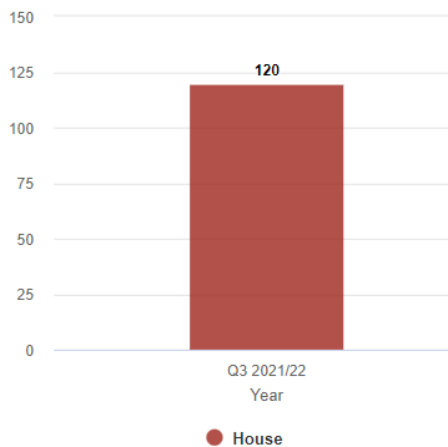
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 <p>Meeting target, performance is better than 2020/21</p>  <p>Benchmarking: Top quartile performance</p>	 <p>Meeting target, performance is worse than 2020/21</p>  <p>Benchmarking: Upper median performance</p>	 <p>Not meeting target, performance is worse than 2020/21</p>  <p>Benchmarking: Lower median performance</p>	 <p>Not meeting target, performance is better than 2020/21</p>  <p>Benchmarking: Bottom quartile performance</p>	 <p>No target set, no change in performance than 2020/21</p>  <p>Benchmarking: No benchmarking figure</p>
<div style="border: 2px solid green; padding: 5px; display: inline-block;">Performance has met target</div>		<div style="border: 2px solid red; padding: 5px; display: inline-block;">Performance is below target</div>		

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Registered Provider Board (NCH social rent properties) Performance Dashboard Q3 2021-22

Housing Stock (NCH social rent properties)

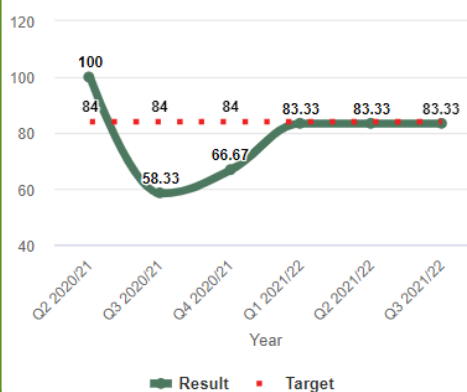


Benchmarking: No benchmarking figure



Meeting target, performance is worse than 2020/21

Number of complaints relative to the size of the landlord (Complaints per 1,000 properties) (NCH social rent properties)



The level of complaints is below the target we have set and remained steady at 83 complaints per 1,000 properties (10 complaints in the rolling year).

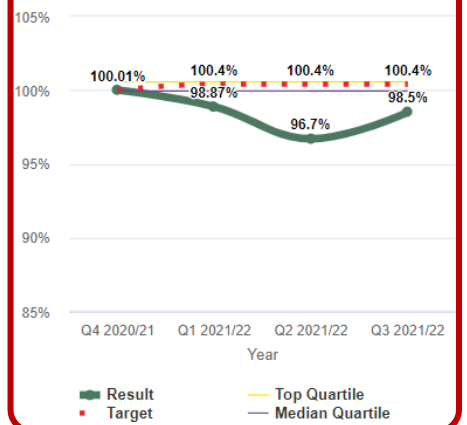


Benchmarking: Bottom quartile performance



Not meeting target, performance is worse than 2020/21

Percentage of rent collected (NCH social rent properties)



Arrears Collection % has increased by 1.8% on the previous quarter. The arrears have increased in monetary terms by £4K compared to the previous quarter. The team are proactively trying to manage these cases.

The context of the increase in arrears should not be ignored, the continued rollout of UC and the increase in number of our residents claiming UC will have an impact on the level of arrears.

The average wait time for a UC claim to be processed is 5 weeks. This will then

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have an impact on the level of arrears as payments will then be made monthly in arrears as opposed to weekly when the resident would have been on a legacy benefit such as HB.

The increase in the cost of living and the removal of the £20 uplift in UC has resulted in a number of financial difficulties with our residents struggling to make ends meet.

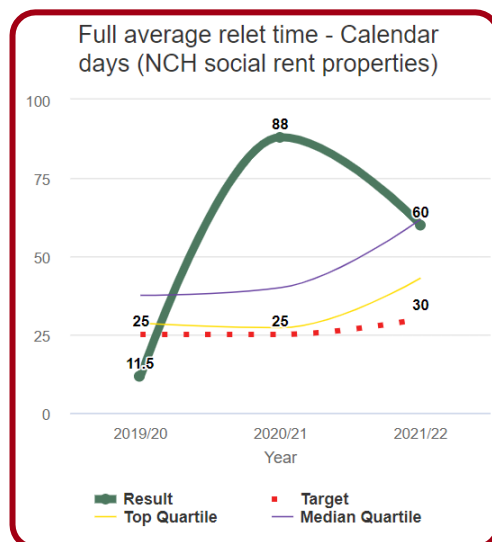
Data from HouseMark Autumn Quarterly Forecast suggest that arrears are 30% higher than pre pandemic levels, and will not return to these levels in the short term.



Benchmarking: Upper median performance



Not meeting target, performance is better than 2020/21



Only one property has been let for NCH Social Rent so far this year in Quarter One.

The property incurred problems with the electric meter which required external intervention and held up the process for 60 days.

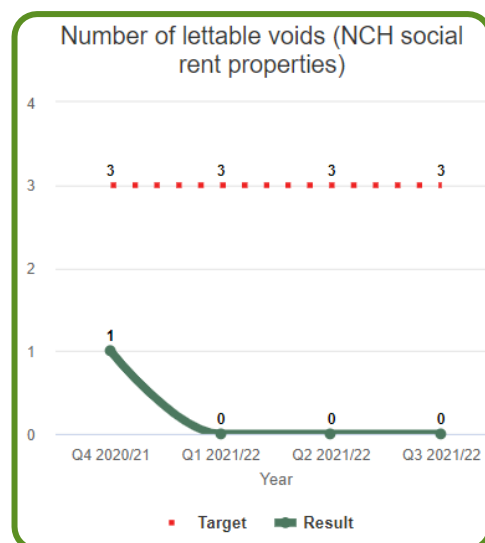
There are currently no lettable voids for NCH RP social rent.



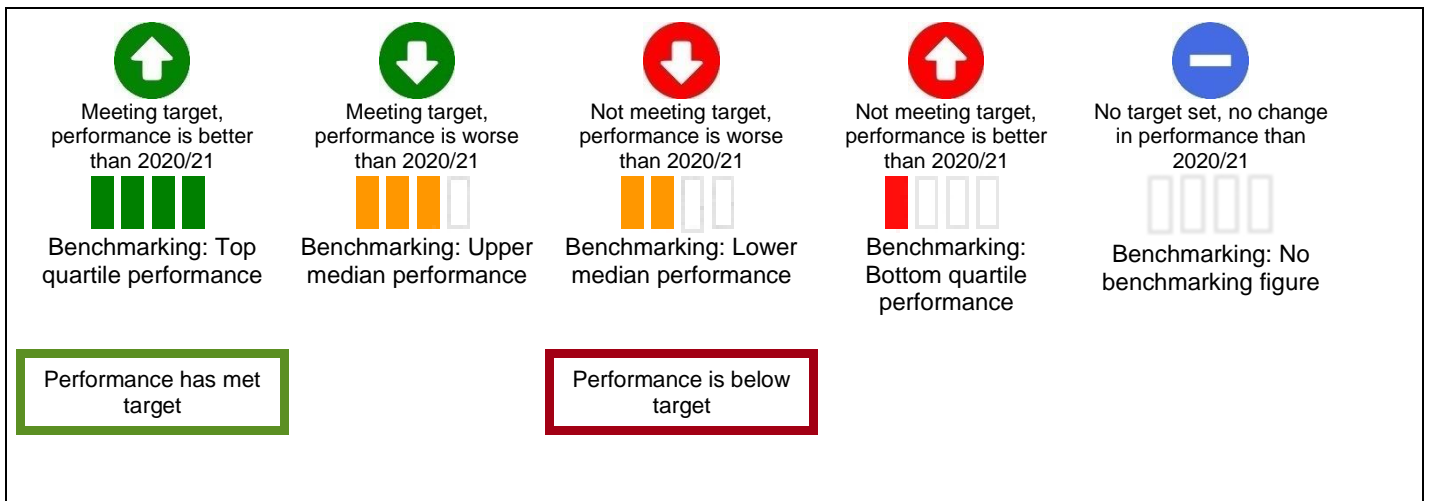
Benchmarking: No benchmarking figure



Meeting target, performance is better than 2020/21



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Q3 NCHRP Stock Compliance Dashboard Monitoring

NCHRP has responsibility for ensuring that all of the homes and properties it owns and manages, meet current regulations. The Group Board has approved the Building Safety Compliance Policy and each constituent Board is responsible for monitoring compliance of the properties it owns or manages.

NCH is committed to establishing, implementing and maintaining a policy of continuous improvement and performance of its Compliance related duties concerning Gas Safety, Fire Safety, Control of Legionella and Water Hygiene, Asbestos, Electrical Safety and Lifting Equipment.

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It is important that Boards have the appropriate controls and reporting in place to ensure effective oversight and compliance to give them assurance of compliance across the stock that NCH manages.

In light of this, a fit for purpose, robust, balanced dashboard with commentary has been developed to give the board assurance that compliance is being managed across the stock and therefore allow the appropriate challenge, at Board level.

The dashboard reports on the 'Big 6' compliance areas in line with NCH recently agreed Building Safety Compliance Policy. The dashboard includes the following:

- Total number of properties affected by each compliance checking programme
- Total number of properties complying
- Percentage of properties with a valid inspection record (level of compliance & non - compliance)
- Percentage compliance last reported
- Trend since previous report
- Servicing frequency (in line with Building Safety Compliance Policy)
- Responsible area
- Comments/narrative explaining any non-compliance, action to be taken and agreed timescales/outcomes
- Red & Green (compliant/non-compliant) indicators

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Q3 NCHRP Stock Compliance Dashboard: 31 December 2021



Compliance Area	Number of Properties Affected	Number Complying	Percentage Compliance	Percentage Compliance last reported	Trend since previous report	Servicing Frequency	Responsible	Comments
GAS								
Gas Safety Domestic	364	364	100.00%	100.00%	↔	Annually	Mechanical and Electrical Team	
ELECTRICAL								
Electrical Installation Condition Report (EICR)	496	493	99.40%	100.00%	↓	5 Yearly	Technical Services Team	53 GLAPTON ROAD, 23 WESTWOOD ROAD, 66 WESTWOOD ROAD are new properties where the EICR certificate needs to be uploaded in to NEC, which will be done in the next few weeks.
FIRE SAFETY								
Fire Risk Assessments	3	3	100.00%	100.00%	↔	Annually	Building Safety Team	
High Risk Actions (Overdue)	0	0	100.00%	100.00%	↔	N/A	Building Safety Team	
ASBESTOS								
Inspections of Communal Areas with Asbestos	1	1	100.00%	100.00%	↔	Annually	Building Safety Team	
WATER HYGIENE								
L8 Risk Assessments	2	2	100.00%	100.00%	↔	Annually	Technical Services Team	
LIFTS								
Passenger Lifts	1	1	100.00%	100.00%	↔	Monthly	Technical Services Team	