



2.3 Registered Provider Q1 Monitoring Report

Date: 13 September 2022

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Finance Monitoring

Income and Expenditure

Nottingham City Homes Registered Provider (NCHRP) management accounts show a surplus of £115k at the end of Quarter 1 (Qr1), which shows a positive variance of £52k against the profiled budget to the end of Qr1 £63k. The full year budget is a surplus of £257k and the full year forecast has been increased to anticipate an improved surplus position of £360k.

Budgets for rental income include assumptions in relation to lost rent through voids. The improved position has arisen mainly as void periods in QR1 have been less than assumed in budget for the 161 homes leased from NCH to provide accommodation for Homeless Families. This positive budget variance is currently offset by income falling below budget on those leases with Private Sector Landlords and service lease. This income will increase across the financial year though as additional leases are agreed and added. Naturally, the respective expenditure for these leases is also below budget as explained below.

Expenditure is showing as being underspend against budget. As with income though, as leased homes increases during the year, as assumed in the full year budget, this variance will decrease each quarter and is currently anticipated to be in line with budget for the full year. The forecast surplus has been increased to reflect the achievement of surplus to date and the assumption that improved performance, with surplus in excess of budget, will continue during the rest of the financial year.

The level of tenancy turnover so far during the year, void rates and void periods will be reviewed in Qr2 against the budget to establish if the forecast outturn position will need to be adjusted and reported back to NCHRP Board.

The 2022/23 budget approved by NCHRP Board in February 2022 targeted a surplus of £250k and turnover of £7.2m. Following subsequent approval by the Board of the Helix project, the full year budget has been updated to include the project income and expenditure and hence reflect the additional surplus. A summary of the financial position at the end of Qr1 together with the updated budget and latest forecast outturn for the financial year is shown in [Appendix 1](#).

Attached to the report, [Appendix 2](#) shows income and expenditure for the financial year by the activities undertaken by NCHRP. Central costs includes the estimated corporation tax charge and any other costs not directly attributable to an activity e.g. Board training, NCH Executive Management. 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 NCHRP.

Capital & Leases

NCH RP currently owns land and 39 homes at a cost of just under £5 million. At the end of the Qr1, 372 homes were leased by NCH RP and this is forecast to rise to 405 by the year-end. Approval is in place for leased properties to increase further where demand supports this. These figures are shown in the Capital and Leases summary in [Appendix 3](#), with colour coding used to show how

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these assets relate to the activities included in [Appendix 2](#). No capital works have been identified or completion in relation to the 31 homes owned by NCHRP in QR1.

PWLB rates on which (with the addition of a 0.4% Council uplift) all NCC lending is based are currently as follows. For comparison, the table includes the fixed loan rates on the two existing NCC loans held by NCHRP.

Loan Period (Yrs)	PWLB Rate	NCC Rate	Martins Reach	Church Square
30	4.09%	4.49%		
40	4.08%	4.48%		
50	3.95%	4.35%	3.35%	3.21%

At current PWLB levels interest, borrowing available from NCC could impact on the financial viability of future proposals for investment in land and buildings and development schemes to increase NCHRP's housing stock.

Financial, Legal & Risk Implications

The cumulative surplus position since NCHRP commenced trading provided reserves of £306k at the end of the 2021/22 financial year. The delivery of a surplus in line with that forecast in 2022/23 will increase NCHRP reserves to £666k by the financial year-end.

The level of reserves provides cash to support the cost of loan repayments and capital expenditure on NCHRP's assets to date. These totalled £176k at the end of 2021/22 and are forecast to rise to £218k by the year-end.

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

- Turnover of tenancies and void periods;
- Level of bad debt;
- Number of 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.

Medium Term Financial Plan

Included as Appendix 4 is a Medium Term Financial Plan (MTFP) which sets out the estimated income, expenditure and surplus for NCHRP over the next 5 years, summarised as follows:

	2022/23	2023/24	2024/25	2025/26	2026/27
Income	7,380	8,608	9,238	9,898	10,571
Expenditure	7,123	8,303	8,879	9,492	10,134
Surplus	257	305	359	406	437
% of Income	3.5%	3.5%	3.9%	4.1%	4.1%

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In the absence of a Business Plan which goes beyond 2022/23, the following key assumptions have been made:

- Helix project ends in 2022/23.
- Leases for Fairham house and Midlands House continue across the plan i.e. are extended in 2024.
- Private Sector Landlord/serviced leases are increased by 10% in 2023/24 falling to 7% in 2026/27.
- Rent increases for NCHRP owned homes are capped at 5% by Government.
- Other rents are increased annually to maintain the current surplus (as a percentage of income) and increase to 4% at the end of the plan.

The annual surplus provides contingency against risk and unforeseen events in relation to NCHRP's budget and supports the repayment of loans. Further in-year rent increases are also an option to help NCHRP manage its in-year financial position.

Current cost pressures in relation to pending staff pay awards, inflation (most notably experienced by NCH through material subcontracted costs) and utility costs have been reflected in 2023/24 with the broad assumptions that they continue to rise at 5% in the following years. This may require rent increases of up to CPI+1% (currently 11%) in 2023/24 to ensure the surplus, as a percentage of income, can be maintained. Rents have broadly been assumed to rise by 5% in the following years.

The MTFP and the current assumptions will be updated on an annual basis to reflect the new year budget and rent increases approved by Board as well as when the Board agrees new activities, new build developments or acquisition schemes.

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Appendix 1

NCH RP - Income & Expenditure				Quarter 1		2022/23	
	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	1,786	1,747	40	7,336	7,462	(125)	
Other	11	4	8	44	44	0	
Total	1,797	1,750	47	7,380	7,506	(125)	
Less :							
Expenditure							
Management (SLA)	563	533	(30)	2,218	2,218	0	
Lease, Repairs & Property	1,045	970	(75)	4,318	4,313	(5)	
Loan Interest	32	32	0	128	128	0	
Other Costs	95	101	6	459	486	28	
Total	1,734	1,635	(99)	7,123	7,146	23	
(Surplus)	(63)	(115)	(52)	(257)	(360)	(103)	

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Appendix 2

NCH RP - Forecast							2022/23
	SOCIAL HOUSING	MOVE-ON	HOMELESS FAMILIES	PSLs & SERVICE LEASES	HIGHWOOD HOUSE	TOTAL	
HOMES	31	8	206	137	29	411	
	£'000	£'000	£'000	£'000	£'000	£'000	
Income							
Rental Income	201	99	3,074	3,495	594	7,462	
Other	6	8	-	-	30	44	
Total	207	107	3,074	3,495	624	7,506	
Less :							
Expenditure							
Management (SLA)	11	6	1,287	611	293	2,208	
Lease, Repairs & Property	81	42	1,376	2,543	293	4,335	
Loan Interest	106	22	-	-	-	128	
Other Costs	4	25	118	181	24	352	
Total	202	95	2,781	3,335	609	7,022	
Central Costs						124	
(Surplus)	(6)	(12)	(293)	(160)	(14)	(360)	

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Appendix 3

Capital and Leases

NCHRP Owned	Quarter 1		Forecast Homes	Financing:	
	Homes	£'000		Loan £'000	Grant & Reserves *
Church Square	17	2,673	17	2,173	500
Martin's Reach	14	1,140	14	1,097	43
Move On Accommodation	8	1,158	8	734	424
Total Owned	39	4,971	39	4,004	967
Managed under leases					
NCH & NCHL	206		206		
Private Sector Landlords & Serviced leases	137		170		
NCC - Highwood House	29		29		
Total Leased	372		405		
TOTAL HOMES	411		444		

* - loans are repaid annually supported by cash from the RP's reserves.

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Appendix 4

NCH RP - Medium Term Financial Plan

	2022/23	2023/24	2024/25	2025/26	2026/27
HOMES	439	455	471	485	499
	£'000	£'000	£'000	£'000	£'000
Income					
Rental Income	7,336	8,564	9,194	9,854	10,527
Other	44	44	44	44	44
Total	7,380	8,608	9,238	9,898	10,571
Less :					
Expenditure					
Management (SLA)	2,218	2,638	2,806	2,982	3,164
Lease, Repairs & Property	4,318	5,053	5,418	5,813	6,236
Loan Interest	128	128	127	126	125
Other Costs	459	484	528	571	610
Total	7,123	8,303	8,879	9,492	10,134
(Surplus)	(257)	(305)	(359)	(406)	(437)

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Q1 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 June 2022.

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

NCHRP has 411 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, 361 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.

Data in the report includes:

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

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

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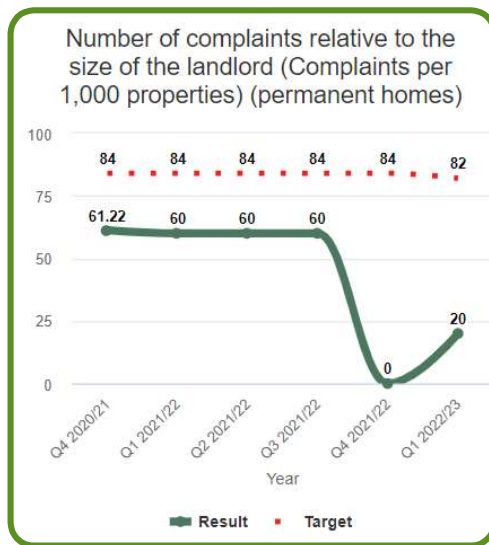
Registered Provider Board (permanent homes) Performance Dashboard Q1 2022-23



Benchmarking: No benchmarking figure



Meeting target, performance is worse than 2021/22



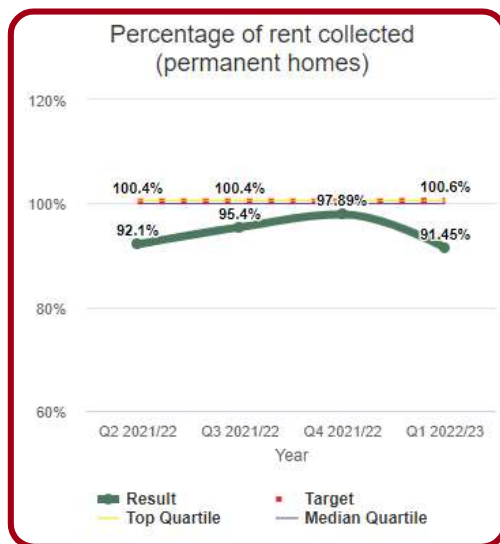
The level of complaints per 1,000 properties has risen slightly, this is due to one complaint in the first quarter of 2022/23.



Benchmarking: Top quartile performance



Not meeting target, performance is worse than 2021/22



Commentary Pending:

The team have achieved 91.45% of rent collected. The operating environment continues to be challenging with a number of our residents facing financial difficulties. The well-publicised increase in the cost of living and energy costs is having a detrimental impact on our residents finances and their ability to pay any shortfalls in rent payments. Tenants will continue to be impacted by increased energy costs which are likely to increase for the foreseeable future, unless there is any intervention.

We expect to see a continued increase in the number of residents claiming Universal Credit.

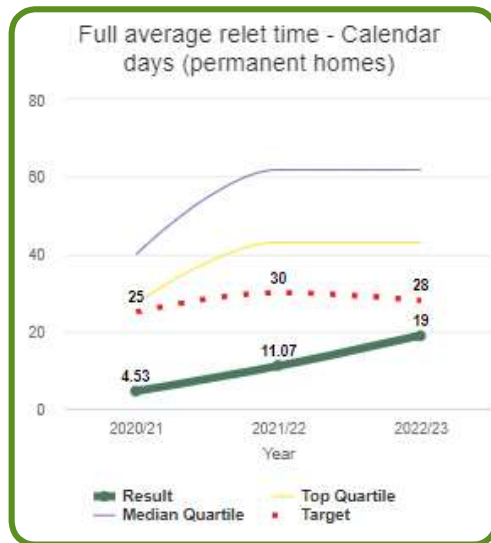
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Benchmarking: Top quartile performance



Meeting target, performance is worse than 2021/22



Our year two Corporate Plan target is to achieve an average relet time (ART) of 28 days.

Whilst our average re-let time has increased to 19 days at the end of Quarter one this is still well below the target.

There were no RP permanent voids at the end of the first quarter of 2022/23.



Benchmarking: No benchmarking figure



Meeting target, performance is better than 2021/22



Meeting target, performance is better than 2021/22



Benchmarking: Top quartile performance



Meeting target, performance is worse than 2021/22



Benchmarking: Upper median performance



Not meeting target, performance is worse than 2021/22



Benchmarking: Lower median performance



Not meeting target, performance is better than 2021/22



Benchmarking: Bottom quartile performance



No target set, no change in performance than 2021/22



Benchmarking: No benchmarking figure

Performance has met target

Performance is below target

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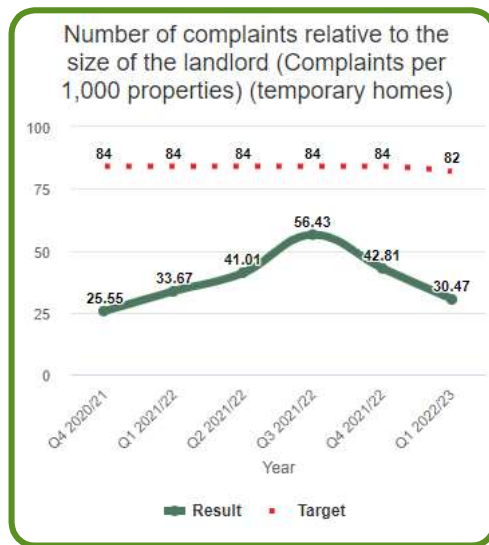
Registered Provider Board (temporary homes) Performance Dashboard Q1 2022-23



Benchmarking: No benchmarking figure



Meeting target, performance is better than 2021/22



The level of complaints is below the target we have set and has decreased to 30 complaints per 1,000 properties (11 complaints in the rolling year).



Benchmarking: Top quartile performance



Not meeting target, performance is worse than 2021/22



Commentary Pending:

The team have achieved 90.54% of rent collected. The operating environment continues to be challenging with a number of our residents facing financial difficulties. The well-publicised increase in the cost of living and energy costs is having a detrimental impact on our residents finances and their ability to pay any shortfalls in rent payments. Tenants will continue to be impacted by increased energy costs which are likely to increase for the foreseeable future, unless there is any intervention.

We expect to see a continued increase in the number of residents claiming Universal Credit.

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Benchmarking: Top quartile performance



Meeting target, performance is better than 2021/22



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

At the end of June our overall relet time has reduced to just under 11 days and is on a downwards trajectory over the past few years. This is against a target of 28 days.

The number of lettable voids has increased in the first quarter of 2022 and is just above target.

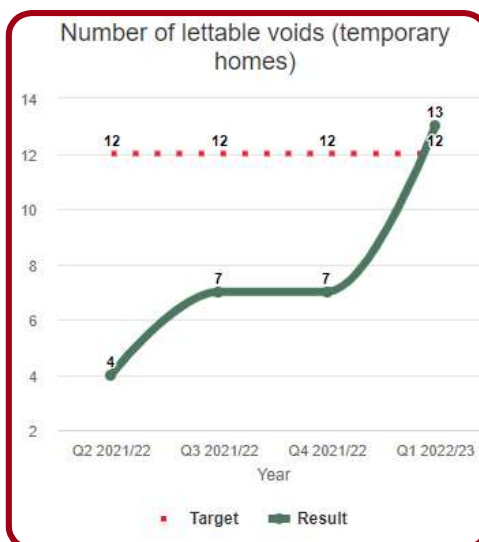
Robust performance management is in place with daily dialogue between the Temporary Accommodation Team, Housing Aid and Voids to ensure homes are let as swiftly as possible.



Benchmarking: No benchmarking figure



Not meeting target, performance is worse than 2021/22



Meeting target, performance is better than 2021/22



Benchmarking: Top quartile performance



Meeting target, performance is worse than 2021/22



Benchmarking: Upper median performance



Not meeting target, performance is worse than 2021/22



Benchmarking: Lower median performance



Not meeting target, performance is better than 2021/22



Benchmarking: Bottom quartile performance



No target set, no change in performance than 2021/22



Benchmarking: No benchmarking figure

Performance has met target

Performance is below target

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Registered Provider Board (NCH social rent properties) Performance Dashboard Q1 2022-23



Benchmarking: No benchmarking figure



Meeting target, performance is better than 2021/22



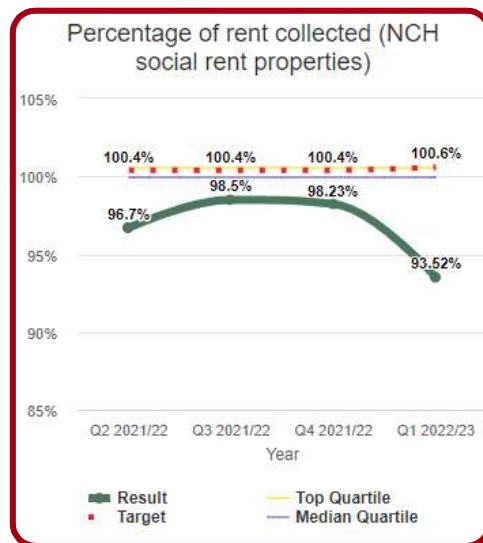
The level of complaints is below the target we have set and remained steady at 66 complaints per 1,000 properties (8 complaints in the rolling year).



Benchmarking: Top quartile performance



Not meeting target, performance is worse than 2021/22



Commentary Pending:

The team have achieved 93.5% of rent collected. The operating environment continues to be challenging with a number of our residents facing financial difficulties. The well-publicised increase in the cost of living and energy costs is having a detrimental impact on our residents finances and their ability to pay any shortfalls in rent payments. Tenants will continue to be impacted by increased energy costs which are likely to increase for the foreseeable future, unless there is any intervention.

We expect to see a continued increase in the number of residents claiming Universal Credit.

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Benchmarking: Top quartile performance



Meeting target, performance is better than 2021/22



There were no new lets during quarter one of 2022/23, Only two properties were let for NCH Social Rent during 2021/22, within an average of 30 days and on target.

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



Benchmarking: No benchmarking figure



Meeting target, performance is better than 2021/22



Meeting target, performance is better than 2021/22



Benchmarking: Top quartile performance



Meeting target, performance is worse than 2021/22



Benchmarking: Upper median performance



Not meeting target, performance is worse than 2021/22



Benchmarking: Lower median performance



Not meeting target, performance is better than 2021/22



Benchmarking: Bottom quartile performance



No target set, no change in performance than 2021/22



Benchmarking: No benchmarking figure

Performance has met target

Performance is below target

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Q1 NCH 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.

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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Q1 NCHRP Stock Compliance Dashboard: 30 June 2022



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	370	370	100.00%	100.00%	↔	Annually	Mechanical and Electrical Team	
ELECTRICAL								
Electrical Installation Condition Report (EICR)	531	531	100.00%	100.00%	↔	5 Yearly	Technical Services Team	
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	1	1	100.00%	100.00%	↔	Annually	Technical Services Team	
LIFTS								
Passenger Lifts	1	1	100.00%	100.00%	↔	Monthly	Technical Services Team	
LOLER Inspections	1	1	100.00%	100.00%	↔	6 months	Technical Services Team	