

NOTTINGHAM CITY HOMES
REGISTERED PROVIDER BOARD MEETING

Date: 10 SEPTEMBER 2024

Time: 2.30 pm

Place: RM 1.16 Loxley House

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



George Pashley
Head of Governance and Compliance

AGENDA

1	INTRODUCTORY ITEMS		2.30
1.1	WELCOME		
1.2	APOLOGIES FOR ABSENCE: Madeleine Forster		
1.3	DECLARATION OF INTERESTS		
1.4	ITEMS FROM THE CHAIR		
1.5	MINUTES OF THE MEETING HELD ON 3 JULY 2024	Attached	2.35
1.6	MATTERS ARISING		
2	ITEMS FOR DISCUSSION AND DECISION		
2.1	GOVERNANCE REPORT Head of Governance and Compliance	Attached	2.40
2.2	FUTURE OF NCH AND NCH RP Chief Operating Officer	Attached	2.55
2.3	Q4 PERFORMANCE MONITORING REPORT Executive Assistant & Head of NCH RP	Attached	3.15
2.4	FINANCE MONITORING REPORT AD of Finance	Attached	3.30

2.5	RISK REGISTER Head of Governance and Compliance	Attached	3.45
2.6	RENTAL TERMS FOR LEASE RENEWAL OF DISPERSED PROPERTIES Executive Assistant & Head of NCH RP	Attached	3.55
2.7	ITT SUTTON HOUSE Executive Assistant & Head of NCH RP	Attached	4.05
3	CLOSING ITEMS		4.15
3.1	ANY OTHER BUSINESS		
3.2	DATE OF NEXT MEETING To be confirmed		

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

Distribution List:

All Board Members: Mike Khouri-Bent, Vicky Evans, Paul Moat, Kieran Timmins

Madeleine Forster, Group Board Chair

NCH officers: Liz Cook, George Pashley, Mark Lawson, Andrew Berry, Tracy Martin

Report Authors: George Pashley, Mark Lawson, Andrew Berry, Tracy Martin

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED

THE BOARD

MINUTES of the meeting on 3 July 2024 at 3:30pm, held at Loxley House.

Board Members

Vicky Evans (VE)
Paul Moat (PM) (Chair)

Also in Attendance:

Andrew Berry (AB)	Assistant Director (Finance)
Liz Cook (LC)	Chief Operating Officer
Mark Lawson (ML)	Executive Assistant
Tracy Martin (TM)	Group Accountant
George Pashley (GP)	Head of Governance and Compliance
Madeleine Forster (MF)	Group Board Chair

1. CHAIR

1.1 Paul Moat agreed to Chair the meeting.

2. APOLOGIES FOR ABSENCE

2.1 Mike Khouri-Bent.

3. DECLARATIONS OF INTEREST

3.1 No declarations of interest were received.

4. ITEMS FROM THE CHAIR

4.1 None.

5. CONFIRMATION OF MINUTES OF THE MEETING HELD ON 14 MAY 2024

5.1 The minutes of the meeting held on 14 May 2024 were agreed as a true record.

6. MATTERS ARISING

6.1 The Board agreed to make all future meetings public unless a specific item required confidentiality due to e.g. sensitive, commercial or financial circumstances.

7. ACTION LOG

	ACTION	OWNER	COMPLETION DATE	UPDATE
1.	All future NCH RP meetings held in public	HGC	ASAP	Completed.

8. GROUP BOARD UPDATE

- 8.1 VE informed the Board that the outcomes from the BRIXX modelling and the Council's Companies Governance Executive Committee (CGEC) had been reported to NCH Board and they understood the decision for a controlled and managed exit of the business that maximised the financial return to NCC and minimised the impact on Temporary Accommodation. This in turn had informed the NCH RP Business Plan.

9. NCH RP BUSINESS PLAN

- 9.1 LC explained that following the outcomes of the Brixx modelling and the decision by NCC's CGEC a controlled exit was being put in place for the Company. A joint NCH/ NCC Task and Finish Group has been set up to determine the best way forward. NCH RP needed to produce a Business Plan for the regulator in these circumstances. At this stage NCH RP was likely to be too small to continue in a safe, compliant and financially viable way in its current format. Decisions were now needed from NCC on what it wanted to do with the remaining NCH-owned stock and Temporary Accommodation provision delivered by NCH RP under NCC's Temporary Accommodation Services framework contract. Compromises were needed on what stock should be retained and what money should be paid back as part of the HRA debt. It was estimated that 2025/ 2026 was the longest financially viable lifespan for the NCH Group which obviously impacted on NCH RP due to the asset base leased from NCH Limited.
- 9.2 PM stated that stress testing should be undertaken on any of the potential outcome scenarios. PM said at present NCH RP, independently, is still financially viable and needed to consider its own alternatives including partnering with other bodies. He wanted to know how NCH RP could influence the Task and Finish Group. This would be done via LC and ML. VE stated that the Business Plan reflected the current position but would remain fluid subject to the Task and Finish Group outcomes. It would also be impacted by completed stock condition data, and there was a need to resolve the Board's recruitment position. It was confirmed that NCHRP cannot subsidise the Group.
- 9.3 In the meantime the Board considered that the Service Contract could be reviewed to help decrease the level of overheads being incurred.

The Board AGREED the NCH RP Business Plan Position Statement

10. NCH GROUP ANNUAL COMPLAINTS

10.1 Only 3 NCH RP related complaints had made in the year 2023/24 and all were related to delays in repairs which reflected the same outcomes for NCC complaints overall.

The Board NOTED the report

11. HOUSING LED DISPOSALS

11.1 The report sought approval to surrender the lease for 10 Housing Led properties, leased by NCH Registered Provider (NCH RP) from NCH Limited as they become vacant. These properties are not financially viable for NCH RP due to a combination of high turnover, lengthy void and allocation delays, tenant damage and irrecoverable rent arrears.

The Board AGREED

- 1. the surrender of 4 Housing Led properties that are currently void.**
- 2. the surrender of further Housing Led properties as they become void.**
- 3. the variation of the NCH RP and NCH lease attached at Appendix 1 of the report.**

12 ANY OTHER BUSINESS

12.1 None.

13 DATE OF THE NEXT MEETING

13.1 The next scheduled meeting is on 10 September 2024.

NOTTINGHAM CITY HOMES REGISTERED PROVIDER

NCH RP BOARD
10 SEPTEMBER 2024

GOVERNANCE REPORT

HEAD OF GOVERNANCE AND COMPLIANCE

1 EXECUTIVE SUMMARY

- 1.1 All current Board Members tenure has either exceeded the 6-year limit set out by the NHF Governance Code or is due to exceed it over the next twelve months. The Board therefore needs to confirm that it wishes to extend all three Board Members tenure for a further year.
- 1.2 The Board is required to agree an appointment to the role of Board Chair and Mike Khouri-Bent is recommended to remain as Chair.
- 1.3 The Board is required to appoint one of its members to the Group Board. It is recommended that Vicky Evans is re-appointed to the position.
- 1.4 A recent skills audit identified the need to appoint someone with appropriate financial knowledge and skills to join the Board. It is recommended that Kieran Timmins, Chair of ARCC and Group Board Member, is appointed for the period of one year while the long-term future of NCH RP is determined. Kieran would also act as NCH RP's appointment to ARCC.
- 1.5 An update on other Boards is included for information.

2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 **Agrees** to extend the tenure of its existing members to the annual NCH RP AGM in 2025.
- 2.2 **Agrees** to the appointment of Mike Khouri-Bent as Chair for the period to the annual NCH RP AGM in 2025.
- 2.3 **Agrees** the appointment of Vicky Evans as NCH RP's representative on the Group Board for the period to the annual NCH RP AGM in 2025.
- 2.4 **Agrees** the appointment of Kieran Timmins to the Board and as ARCC representative for the period to the annual NCH RP AGM in 2025.
- 2.5 **Notes** the update from other Boards.

3 REPORT

3.1 BOARD TENURE

- 3.1.1 All current Board Members tenure has either exceeded the 6-year limit set out by the NHF Governance Code or is due to exceed it over the next twelve months. The Board therefore needs to confirm that it wishes to extend all three Board Members tenure for a further year subject to the final agreement of the Group Board which has overall responsibility for the Governance arrangements of the Group. It is hoped that the future of NCH RP will be agreed during that period.

Board is asked to AGREE to extend the tenure of its existing members to the NCH RP AGM in 2025 subject to final agreement by the Group Board.

3.2 BOARD CHAIR

- 3.2.1 The NCH RP Board has 6 positions split into 3 NCH Appointees and 3 Independent Members. Current membership is shown below

NCH Appointees – Mike Khouri-Bent, Vicky Evans

Independent member – Paul Moat

- 3.2.2 In accordance with Standing Orders, the Board is required to elect a Chair at the beginning of each Board year.

Board is asked to AGREE the appointment of Mike Khouri-Bent to the Chair position for the period of one year.

3.3 APPOINTMENT TO THE GROUP BOARD

- 3.3.1 In accordance with Standing Orders the Board is required to appoint one of its members to the Group Board. Vicky Evans currently fills this role given her previous experience on the RP and Group Board.

Board is asked to RECOMMEND the appointment of Vicky Evans to the Group Board for a period of one year.

3.4 BOARD APPOINTMENT AND APPOINTMENT TO THE AUDIT RISK AND COMPLIANCE COMMITTEE

- 3.4.1 A recent skills audit identified the need to appoint someone with appropriate financial knowledge and skills to the Board. It is recommended that Kieran Timmins, Chair of ARCC and Group Board Member, is appointed for the period of one year while the long-term future of NCH RP is determined. Kieran would also act as NCH RP's appointment to ARCC. Under Standing Orders, the Board is required to appoint one of its members to sit on the Audit Risk and Compliance Committee.

Members are asked to agree the appointment of Kieran Timmins to the Board and as the Board's representative on ARCC for the period of one year.

3.5 DATA INTEGRITY AUDIT

- 3.5.1 The Group Board commissioned an audit on Data Integrity. A first draft of the audit has been completed and NCC line managers have been asked to

comment on the initial findings which include some issues with data collection and record. A draft copy of the audit is attached at Appendix 1. The Group Board and ARCC will discuss the findings at their respective meetings on 24 September and 7 October. NCH RP is asked to note the current position and comment accordingly.

The Board is asked to NOTE and COMMENT on the draft Data Integrity Audit.

3.6 UPDATE FROM BOARDS

- 3.6.1 At its last meeting the **Group Board** approved the financial statements and budget for 2024/25. NCH RP had previously agreed to sell 10 Housing Led properties, 4 of which were vacant. The Group Board, subject to NCC Lender Consent, agreed to the disposal of these 4 properties and the other Housing Led properties when required. We are currently in discussions with NCC regarding lender consent to dispose, or if necessary, consider an alternative interim use as temporary accommodation for small families if consent isn't given.

The reviewed Service Contract with NCC was still awaiting signature. A report on compliance with new Government regulatory requirements has highlighted a number of areas where further work is needed such as completion of a new stock condition survey, better handling of complaints, staff training and repairs.

An additional Board Meeting was held on 27 August to agree the process for the sale of properties in the Arboretum and discuss the next CGEC update report.

- 3.6.2 **NCH EL** agreed the latest version of its Business Plan which focusses on selling its remaining housing stock for the maximum income to support repayment of the NCH debt. It also approved its budget for 2024/25.

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

- 4.1.1 The final Annual Statutory Accounts for 2023/24 will require approval and signing at the AGM

4.2 Legal Implications

- 4.2.1 All of the initiatives within this report are carried out to ensure compliance with good practice and legislation including the Companies Act 2006 and NCH's Governance processes.
- 4.2 Concerning the appointment of a Chief Operating Officer, the articles of NCH Limited, state; If the post of Chief Executive Officer is vacant or about to become vacant, the Board shall subject to 31.4 make written recommendations to the Council Member of potential appointees to the post of Chief Executive Officer and the Council member shall notify the Board in writing within five working (5) days of receiving the recommendations (i) if it requires additional recommendations from the Board or (ii) of the person to be appointed to this

role (which for the avoidance of doubt may be a third party or a person recommended by the Board) and the Board shall either provide further recommendations or make the appointment as relevant such appointment to take effect either upon receipt of the notice or on such later date as specified therein.

4.3 Risk Implications

- 4.3.1 Governance and other risks are set out in the NCH RP risk register. This includes a risk on the current Board composition which will be mitigated by the appointment of Kieran Timmins to the Board.

5 **IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES**

- 5.1 None arising from the report.

6 **EQUALITY IMPACT ASSESSMENT**

- 6.1 Has the equality impact of these proposals been assessed?
 Yes (EIA available upon request)
 No (this report does not contain proposals for significant changes to process at this stage).

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

- 7.1 NCH Standing Orders.

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DATE: 2 SEPTEMBER 2024



Nottingham City Homes: Internal Audit Draft Report

Data Integrity – July 2024

Audit Sponsor: Andrew Berry, Assistant Director Finance Housing Services

Audit Contacts: Various – see Appendix A2

July 2024

Reporting Timetable

Debrief Meeting: 30/07/24

Comments Received:

Draft Report Issued: 01/08/2024

Final Report Issued:

**forv/s
mazars**

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Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of Nottingham City Homes and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Nottingham City Homes and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

Introduction

On the 1st April 2023 Nottingham City Council (NCC) decided to insource the responsibility of Council housing from Nottingham City Homes (NCH) meaning that NCH no longer had responsibility for managing council housing, but did retain responsibility for properties owned by NCH Group as well as its subsidiaries NCH Registered Provider (NCH RP) and Nottingham City Homes Enterprises Limited (NCH EL). The Group does not manage its own properties and instead NCC manages the Group's remaining properties with performance information provided to the Group Board, NCH RP Board and NCH EL Board.

Forvis Mazars was asked to undertake a data integrity review of NCH Group data to ensure that the information provided to the NCH Group Board, NCH RP Board and NCH EL Board was accurate.

As part of this review, we have looked at the following risk areas:

- Finance
- Landlord health and safety
- Asset management
- Repairs
- Complaints
- Voids and lettings
- System access
- Conflicts of interest

We have focused on using data analytics to complete whole data set testing from 1 April 2023 onwards and in key areas, for example around landlord health and safety, have looked to confirm the integrity of the data held from a sample of certificates through to how the information is entered onto trackers and reported to Board.

A full Terms of Reference can be found in Appendix 2 of this report that outlines where issues were identified.

Your One Page Summary

Audit Objective: To provide assurance that Nottingham City Homes (NCH) has effective controls to ensure the integrity of data over finance, landlord health and safety, asset management, repairs and the housing management.

Audit rationale

Your Strategic Risk

Robust data management which enables company to meet obligations under GDPR/ICO and cyber security.

Summary of findings

Finance	High (Priority 1)	2	<table border="1"> <tr> <td>Actions agreed by you</td> <td>TBC%</td> </tr> <tr> <td>Priority 1 completion</td> <td>TBC</td> </tr> <tr> <td>Overall completion</td> <td>TBC</td> </tr> </table>	Actions agreed by you	TBC%	Priority 1 completion	TBC	Overall completion	TBC
Actions agreed by you	TBC%								
Priority 1 completion	TBC								
Overall completion	TBC								
Landlord Health & Safety	Medium (Priority 2)	4							
Asset Management	Low (Priority 3)	3							
Repairs									
Housing Management System									

Summary of findings

Examples of good practice	Highest Priority Findings	Key root causes
<ul style="list-style-type: none"> ✓ NCH has its own general ledger separate from NCC. ✓ EICR report showed that an EICR had been completed for all NCH properties (excluding voids). ✓ Damp and mould KPIs matched to backing data. ✓ Controls in place to limit access to static data within NEC NCC's housing management system. 	<ul style="list-style-type: none"> • Lack of controls to manage conflicts of interest. • Delays in completing landlord health and safety remedial actions • Issues with repairs target timescales. • Delays in responding to complaints. 	<ul style="list-style-type: none"> • Issue not identified as a potential risk. • Human error.

01 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1. Housing management system: Lack of controls to identify NCC employees residing in NCH owned properties			
Finding(s) and Risk		Recommendation(s)	
<p>To allow for NCC to identify potential conflicts of interest where employees reside in NCH Homes, we would expect the Council to have and maintain a register of employees who reside within NCH properties. In addition, we would expect that periodic reconciliations between HR employee records and properties listed within the housing management system to identify employees who are tenants to be undertaken.</p> <p>Management advised that whilst NCC employees are required to declare interests including if they live in a property managed by the Council there is currently not a central log or register of staff declarations, nor a list of addresses matched from employee HR records to NCH stock.</p> <p>Risk and Impact: NCH does not have the necessary declaration of interests logs or registers of staff living in NCH owned properties, leading to employees potentially fraudulently benefitting from the use of NEC and this going undetected.</p>		<p>NCH should:</p> <ol style="list-style-type: none"> 1. Create a log or register of all employees living in a property owned by NCH. This should include the declaration of interest's details and job roles. 2. Compare employee addresses on the HR record with NCH stock to ensure all employees residing in NCH owned properties have declared the interest. Where colleagues do reside in NCH owned properties a review should be undertaken to decide whether additional controls should be implemented to manage any potential conflicts. 	
		Root Cause(s)	
		<p>NCH does not have the required log or register of employees living in a property owned by NCH.</p>	
Management Comments / Agreed Actions			
Responsible Person		Action Due Date	
		Priority Level	High

2. Landlord Health & Safety: Remedial action and trackers not updated

Finding(s) and Risk

Remedial actions arising from the big six landlord health and safety risk assessments should be logged, tracked and followed through to completion to ensure actions are managed and completed in line with targets and issues with completion are identified at an early stage.

We sought to confirm that for each compliance programme lists there is an appropriate remedial action tracker in place. We found the following:

- **Legionella:**
 - Management advised that a legionella remedial action tracker is not in place. Once remedial actions, arising from risk assessments, are completed the date rectified is recorded on the remedial action sheet of LRA reports.

Additionally, we reviewed a sample of certificates for each of the landlord health and safety compliance streams to ensure that remedial actions were being added to trackers and noted the following:

- **FRA:**
 - One instance, from a sample of three, where a property's (109 Forest Road West) remedial actions (one medium and one low priority) were not recorded on the tracker.
 - Two instances where properties' (Highwood House and Midlands House A) remedial actions did not include a target completion date.
- **Lifts:**
 - Two cases (Midlands House and Highwood House) which were tested where the due date for defects completion was not recorded on the Defects Tracker.
- **Electrical:**
 - Four instances, out of a sample of five, (Flat 29 Highwood House, 2A Eddleston Drive, 27 Clifford Drive, and 21 Kyle Drive) where C3 remedial actions were not logged onto the tracker and no target dates for completions identified

Risk and Impact: A legionella remedial action tracker is not in place leading to actions being missed or not being completed to target timescales.

Recommendation(s)

NCH should:

1. Create a legionella remedial action tracker using NCH's contractors' software and data for better oversight.
2. Ensure remedial actions, for all compliance programmes, are completed to target timescales.
3. Record all relevant data in remedial action trackers already in use.

Root Cause(s)

Remedial actions arising from LRAs are monitored using NCH's contractors' software.

Human error manually inputting actions into trackers.

Remedial actions not included in trackers or not provided with target dates are not effectively managed or identified in reporting as overdue reducing the effectiveness of NCH oversight and potentially resulting in harm to residents.

Management Comments / Agreed Actions

Responsible Person		Action Due Date	
		Priority Level	High

3. Landlord health & safety: Data mismatches between certificates and NEC

Finding(s) and Risk

It is expected that data within housing management systems are up to date and reconcile with the risk assessment certificates for each of the big six landlord health and safety areas as this enables effective scheduling of future risk assessments.

We reviewed a sample of landlord health and safety certificates to confirm in each case the information held on the certificate reconciled with the data on NEC. We noted the following:

- **Lifts:**
 - One instance (Highwood House), from two cases reviewed, where the next due date for LOLER inspection was recorded incorrectly. The property received a thorough examination on the 21/05/24 and is due for examination by 21/11/2024 however on NEC it is incorrectly recorded as requiring a LOLER by 13/06/2024. This has led to NEC showing the property as overdue for LOLER inspection.
- **Legionella:**
 - Two instances (Midland House and Masson House), from four cases, where there is no UPRN on the compliance programme.
 - One instance (Fairham MKFAIRN00M), from four cases, where the last LRA completed date (04/07/2022) does not match the data held on NEC (04/07/2024).
- **Electrical:**
 - One instance (Flat 2 Midlands House), from five cases, where the current EICR certificate date (11/05/2023) does not match the date recorded on NEC (22/04/2022).

Risk and Impact: Compliance data held on NEC does not match with certificates, leading to inaccurate scheduling of future risk assessments.

Recommendation(s)

NCH should:

1. Review the instances identified and ensure data held within NEC matches the appropriate risk assessment certificates.
2. Ensure that consistent UPRNs are used throughout systems to aid data integrity.
3. Consider investigating ways to automate certificate information to reduce the likelihood of human error.

Root Cause(s)

Human error as a result of manual entry of information into NEC.
Incomplete data entry within compliance programmes.

Management Comments / Agreed Actions

Responsible Person

Action Due Date

		Priority Level	Medium
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4. Landlord Health & Safety: Remedial actions completed late

Finding(s) and Risk

Remedial actions arising from the big six landlord health and safety risk assessments should be logged, tracked and followed through to completion to ensure actions are managed and completed in line with targets and issues with completion are identified at an early stage.

We reviewed a sample of remedial actions for each of the landlord health and safety compliance streams and noted the following:

- **Legionella:**
 - We noted two high priority remedial actions, out of a sample of four, (Midland House and Masson House) which were not completed within the required three months. They took 393 days and 155 days to complete respectively.
- **FRA:**
 - One instance where a property (Highwood House) has seven low priority actions which are overdue for completion by 212 days at the time of our audit.
 - One instance where a property's (Midland House A) remedial action was completed 18 days after target.

Risk and Impact: Remedial actions are not managed effectively, leading to actions becoming overdue for completion, missed, or completed late which may put tenants at heightened risk.

Recommendation(s)

NCH should ensure remedial actions, for all compliance programmes, are completed to target timescales.

Root Cause(s)

To be investigated by NCH.

Management Comments / Agreed Actions

Responsible Person

Action Due Date

Priority Level

Medium

5. Repairs: Incorrect repairs data

Finding(s) and Risk

It is important for dates to be entered into repairs or asset systems accurately to ensure effective scheduling of different types of repairs in line with organisation standards and practices.

The Repairs Service Standards at NCH advises that emergency repairs are to be responded to within 24 hours, priority two repairs are to be responded to within 30 days and priority three repairs to be responded to within 180 days.

We reviewed a report of NCH repairs raised in the last 12 months to confirm the target date for completion of the job was in line with Repairs Service Standards. We noted the following:

- Three emergency priority instances (raised in June 2024) which did not have a 24-hour difference between the job raised date and the target date, with a range of 42 days to two days.
- 498 planned priority jobs (raised since October 2023) which did not have a 30-day difference between the job raised date and the target date, with a range of 1,398 days to 32 days.

Risk and Impact: Incorrect target dates are applied to repairs and do not align with the Repairs Service Standards, leading to data integrity errors and repairs not being completed to expected timelines.

Recommendation(s)

NCH should review repairs data and ensure all jobs have the correct target date in place by considering the date the job was raised and the Repairs Service Standards.

Root Cause(s)

Target dates are not set in line with the Repairs Service Standards.

Management Comments / Agreed Actions

Responsible Person

Action Due Date

Priority Level

Medium

6. Finance: Discrepancies between budgetary updates provided to Boards and management accounts

Finding(s) and Risk

We performed a walkthrough with the Group Finance Accountant to reconcile the management accounts figures with the account's workbook. From our reconciliation we noted the following discrepancies in the budgetary profit or loss (P/L) information provided in the July 2024 Board Reports:

- **NCH Ltd Trading:**

- The full year P/L forecast was reported to Board as £99k, however, this was shown as £103k in the management accounts.

The Group's Finance Accountant advised that the differences arise due to the Management Accounting Officer performing monthly budget flexing as opposed to quarterly flexing to reflect the NCH quarterly Board reporting.

- **NCH RP:**

- The actual year to date P/L, as at March 2024, was reported to Board as £(600k), however, this was shown as £(568k) in the management accounts.
- The full year P/L budget was reported to Board as £(274k), however, this was shown as £(275k) in the management accounts.

The Group Finance Accountant advised that the NCH RP May Board Papers were produced with draft year-end figures because the NCH RP Board date was very early in the financial year, and they were still effectively closing down the previous year's final period. The NCH RP draft outturn figure of £(600k) included an estimation for corporation tax which compares to the final management accounts position of £(568k).

Risk and Impact: Budgetary information and updates provide to Boards are inaccurate and do not reflect actuals within management accounts impacting business decisions.

Recommendation(s)

NCH should:

1. Implement quarterly flexing of management accounts to align with the NCH quarterly Board reporting arrangements.
2. Include commentary in instances where budgetary updates provided to Boards does not reconcile with management accounts.

Root Cause(s)

Monthly flexing of management accounts does not align with quarterly NCH Board reporting.

Draft year to date figures include estimations such as corporation tax which were not included in their Board reports.

Management Comments / Agreed Actions

Responsible Person

Action Due Date

Priority Level

Low

7. Integrity of compliance programmes data

Finding(s) and Risk

To ensure organisations can effectively identify properties next due for risk assessments and therefore schedule accordingly, it is important for compliance programmes to be complete, accurate, and free from anomalous data.

We reviewed the following compliance programme lists and noted the following:

- **Master Premises Water and Lifts spreadsheet:**
 - No previous risk assessment examination date is recorded.
- **Fire Risk Assessment Review Schedule 2024 spreadsheet:**
 - Two properties (St Albans Road 290065350A and 290065350B) have blank FRA dates.

Risk and Impact: NCH do not record all required data on landlord health and safety compliance programme lists, leading to the Group not identifying properties next due for a risk assessment and ineffective scheduling of risk assessments.

Recommendation(s)

NCH should ensure all compliance programme lists include all the required property data for effective oversight and scheduling of risk assessments, including the previous and next examination or inspection dates.

Root Cause(s)

Programme lists do not include the required columns for key data entry, including previous examination date.

Management Comments / Agreed Actions

Responsible Person

Action Due Date

Priority Level

Low

8. Asset Management: All ownership information is not recorded for properties on NEC

Finding(s) and Risk	Recommendation(s)		
<p>To ensure organisations have a clear understanding of the properties they own it is important that all relevant ownership information is properly recorded in asset management systems or similar, including title information, tenure type and other core information.</p> <p>We reviewed the All-Owners Stock Report extracted from NEC and noted that the title information and the charge status is not recorded against the properties.</p> <p>Risk and Impact: NCH does not record all ownership information, including title information and charge status, leading to a lack of understanding of properties it owns.</p>	<p>NCH should record the title information and the charge status against properties held in NEC.</p> <tr> <th data-bbox="1234 432 2047 501">Root Cause(s)</th> <td data-bbox="1234 501 2047 718"> <p>NCH has not included the title information and charge status within NEC property information.</p> </td> </tr>	Root Cause(s)	<p>NCH has not included the title information and charge status within NEC property information.</p>
Root Cause(s)	<p>NCH has not included the title information and charge status within NEC property information.</p>		

Management Comments / Agreed Actions

Responsible Person	Action Due Date	Priority Level
		Low

9. Housing management system: delays in complaint investigations

Finding(s) and Risk

NCH's Complaints Policy documents the following complaints process and timescales to be followed:

- Stage 1 resolution to be completed within 10 working days.
- Stage 1 extension of up to ten working days may be agreed upon.
- Stage 2 review of complaint to be completed within 20 working days from the date of being advised of the escalation.
- Stage 2 extension of up to ten working days may be agreed upon.

We reviewed complaints data since June 2023 and noted the following:

- RP had three, out of 12, stage 1 complaints which were overdue with a range of eight to 26 days.
- EL had no overdue complaints.

Risk and Impact: Tenants are not informed of delays in complaint investigations, increasing dissatisfaction.

Recommendation(s)

NCH should ensure that where complaints fall overdue past target dates, tenants are communicated of investigation delays and extensions via interim letters or other suitable contact methods, in line with the Complaints Policy.

Root Cause(s)

NCH do not record reasoning behind complaints which are not responded to within target deadlines.

Management Comments / Agreed Actions

Responsible Person		Action Due Date	
		Priority Level	Low

A1 Testing Area Dashboard

Below provides a comparison of the assurance provided over this audit's dataset against previous audits alongside the number of recommendations raised for each audit.

Testing Area	Assurance over dataset in 2023/24	Recommendations			
		High	Medium	Low	Total
Finance	Substantial	-	-	1	1
Landlord Health & Safety	Limited	1	2	1	4
Asset Management	Substantial	-	-	1	1
Repairs	Moderate	-	1	-	1
Housing Management System	Limited	1	1	-	2
Total		2	4	3	9

A2 Audit Information

Agreed Audit Objective and Scope

The objective of our audit were to assess the assess the quality and integrity of data held in key areas at Nottingham City Homes. The audit assessed data sets within the following scope areas:

- **Finance**
 - NCC-related costs are assigned incorrectly to NCH Group and NCH RP cost codes.
 - Rent collection information is not accurate.
 - Budget information reported to NCH is not accurate.
- **Landlord Health & Safety**
 - Programmes do not include all properties that require inspection
 - Gas servicing is not completed.
 - NCH Group and NCH RP properties do not have a valid EICR.
 - The Group does not identify properties next due for a risk assessment.
 - Compliance data held on NEC is not accurate.
 - Remedial actions are not managed effectively
 - Remedial actions are not included in trackers and so are not actioned.
 - NCH does not meet the requirements of the Smoke and Carbon Monoxide Regulations 2022.
- **Asset Management**
 - Ownership information of NCH properties is not clearly recorded.
- **Repairs**
 - NCH is charged for repairs on properties that it does not own or have a responsibility to complete repairs.
 - The repairs system is not updated promptly.
 - Repairs KPIs do not give an accurate reflection of performance.
 - Incorrect dates are entered into the repairs system.
 - Performance information is misleading.
 - Damp and mould cases are not responded to in an appropriate time.
- **Housing Management System**
 - Unauthorised changes are made to the Group's stock data.
 - Colleagues fraudulently benefit from use of the Housing Management System.
 - Voids & lettings are not reported on accurately.
 - Complaints are not handled in line with timescales.
 - Levels of complaints are not reported accurately.

Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

Audit Contacts and detailed summary of testing results

	Risk and Testing Area	Issues noted	Key Contacts & Leads
1	Finance		
1.1	NCC related costs are assigned incorrectly to NCH Group and NCH RP cost codes.	No issues noted	Andrew Berry, Assistant Director Finance Housing Services Tracy Martin, Group Finance Accountant
1.2	Rent collection information is not accurate.	No issues noted	Tracy Martin, Group Finance Accountant
1.3	Budget information reported to NCH is not accurate.	See Recommendation 6	Tracy Martin, Group Finance Accountant
2	Landlord Health and Safety		
2.1	Programmes do not include all properties that require inspection.	No issues noted	Andrew Filer, Mechanical Manager Paul Ruston, Head of Legislative Safety and Compliance
2.2	Gas servicing is not completed.	No issues noted	Steve Cooper, Head of Mechanical and Electrical Paul Ruston, Head of Legislative Safety and Compliance
2.3	NCH Group and NCH RP properties do not have a valid EICR.	No issues noted	Steve Cooper, Head of Mechanical and Electrical Paul Ruston, Head of Legislative Safety and Compliance Tyla Huskinson, Repairs Service Manager
2.4	The Group does not identify properties next due for a risk assessment.	See Recommendation 7	Steve Edlin, Assistant Director of Asset Management Paul Ruston, Head of Legislative Safety and Compliance Tyla Huskinson, Repairs Service Manager Matthew Woods, Building Safety Manager

2.5	Compliance data held on NEC is not accurate.	See Recommendation 3	Steve Edlin, Assistant Director of Asset Management Paul Ruston, Head of Legislative Safety and Compliance
2.6	Remedial actions are not managed effectively.	See Recommendation 4	Steve Edlin, Assistant Director of Asset Management Paul Ruston, Head of Legislative Safety and Compliance Tyla Huskinson, Repairs Service Manager Matthew Woods, Building Safety Manager
2.7	Remedial actions are not included in trackers and so are not actioned.	See Recommendation 2	Steve Edlin, Assistant Director of Asset Management Paul Ruston, Head of Legislative Safety and Compliance Tyla Huskinson, Repairs Service Manager Matthew Woods, Building Safety Manager
2.8	NCH does not meet the requirements of the Smoke and Carbon Monoxide Regulations 2022.	No issues noted.	Steve Cooper, Head of Mechanical and Electrical Paul Ruston, Head of Legislative Safety and Compliance
3	Asset Management		
3.1	Ownership information of NCH properties is not clearly recorded.	See recommendation 8	Marcus Parton, Business Performance Analyst
4	Repairs		
4.1	NCH is charged for repairs on properties that it does not own or have a responsibility to complete repairs.	No issues noted	Tracy Martin, Group Finance Accountant
4.2	The repairs system is not updated promptly.	No issues noted	Marcus Parton, Business Performance Analyst
4.3	Repairs KPIs do not give an accurate reflection of performance.	No issues noted	Marcus Parton, Business Performance Analyst

4.4	Incorrect dates are entered into the repairs system.	See recommendation 5	Marcus Parton, Business Performance Analyst
4.5	Performance information is misleading.	No issues noted	Marcus Parton, Business Performance Analyst
4.6	Damp and mould cases are not responded to in an appropriate time.	No issues noted	Steve Edlin, Assistant Director of Asset Management Wayne Smalley, Head of Stock Investment
5	Housing Management System		
5.1	Unauthorised changes are made to the Group's stock data.	No issues noted	Tony Sowter, Technical Innovation Manager
5.2	Colleagues fraudulently benefit from use of the Housing Management System.	See recommendation 1	Mark Lukac, Human Resources Business Partner Tony Sowter, Technical Innovation Manager
5.3	Voids & lettings are not reported on accurately.	No issues noted	Marcus Parton, Business Performance Analyst
5.4	Complaints are not handled in line with timescales.	See recommendation 9	Jacque Beacroft, Customer Experience and Insight Manager Paul Spencer, Head of Tenant Experience
5.5	Levels of complaints are not reported accurately.	No issues noted	George Pashley, Head of Governance and Compliance Jacque Beacroft, Customer Experience and Insight Manager Paul Spencer, Head of Tenant Experience

Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework for managing data is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the data management framework.
Limited Assurance	There are significant weaknesses in the data management framework.
Unsatisfactory Assurance	There are fundamental weaknesses in the data management framework such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High (Priority 1)	Significant weakness in in the quality, completeness or integrity of data that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant weaknesses in the quality, completeness or integrity of data which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

Statement of Responsibility

We take responsibility to Nottingham City Homes for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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10th SEPTEMBER 2024

NOTTINGHAM CITY HOMES REGISTERED PROVIDER

REPORT OF THE CHIEF OPERATING OFFICER

FUTURE OF NCH AND NCH RP

1 EXECUTIVE SUMMARY

- 1.1 To provide an updated position on the discussions with NCC regarding the future of NCH and NCHRP in the context of minimisation of the risks to temporary accommodation, maintaining the provision of social and affordable housing and maximising the repayment of sums owed to NCC.
- 1.2 To review the report on the Future of NCH & NCHRP which will be presented to the NCC Companies Governance Executive Committee (CGEC) on the 17th of September 2024, which provide a progress report on developing a short-term plan to continue operations for 3 years to preserve the supply of temporary accommodation
- 1.3 To review and discuss the issues and risks for NCHRP.
- 1.4 To enable input and feedback from NCHRP Board to inform discussions with NCC, and decision making with NCH.

2 RECOMMENDATIONS

- 2.1 NCHRP Board **note** the progress and provide feedback.

3 BACKGROUND

- 3.1 At the CGEC on the 21st of May 2024, the NCH Business Plan based on the agreed main objectives outlined for NCH by NCC, was noted, and a joint task and finish group with NCC was formed to explore the legal, governance, financial and operational impacts of a managed exit for NCH and NCHRP. Subsequently NCC requested a plan to continue operations for 3 years to ensure the supply of temporary accommodation is maintained.
- 3.2 The progress report to be presented to CGEC is attached at Appendix 1 for review and discussion.
- 3.3 NCH Board discussed the proposals on the 27th of August 2024 and agreed to several amendments which were made prior to submission to aid clarity and impact; and to emphasize the importance of the NCH & NCHRP Boards in decision-making. It was agreed that the report be presented to the NCHRP Board to enable consideration of the specific impacts and risks to the RP.

3.4

Further financial planning and legal and regulatory review is being undertaken to determine whether there is a longer-term viable solution for the residual group from 2028/29 and how this could be supported by NCC.

4.0

FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1

The future of the residual group has been uncertain for some time; due to the need for the group to pay the HRA Rebate Settlement (which will reach c.£29m over the next couple of years due to interest charges) whilst protecting the TA Capacity delivered for NCC. To achieve the HRA Rebate most, if not all of the property assets would have to be sold, but this would create an unsustainable recurrent impact upon the annual NCC TA costs. The asset disposal process was started last year with the agreement to fully dispose of the NCHEL stock and close the company.

4.1.1

A way forward, which recognises there will be some cost or write off within NCC but prioritises the TA capacity whilst optimising the HRA Rebate Repayment achievable is in development. Within NCH this would include:

- The sale of the 120 Social Units to NCC is under consideration in terms of price and feasibility, this would increase council housing numbers in Nottingham; and avoids the requirement for TA.
- The disposal of the 150 dispersed properties over a targeted three-year period, is proposed. To maintain TA provision this would be offset with replacement provision through external private providers and maintain the TA capacity being delivered for NCC.
- The sale of Midland House to NCC would require a further 21 units sourced through external providers to maintain TA provision.

4.1.2

By the end of the anticipated three years period NCH Ltd would have no assets and would be a holding company for NCHRP. NCHRP would retain the 39 social units it presently owns and continue leasing Highwood House from NCC, the externally sourced provision would increase to around 377 units, retaining the provision of 400 units to deliver the NCC commissioned accommodation in line with the Temporary Accommodation Framework.

4.1.3

The remaining residual group will require further financial, legal and regulatory consideration to determine how, as a going concern, it continues to trade solvently and within both legal and regulatory framework. An assessment of options along with any emerging possibilities through any Central Government legislative changes will require further consideration to find the best delivery route for NCH and NCHRP.

4.1.4

From the initial draft financial projections, based on the existing budgets and leases, the residual group / NCHRP, delivering 39 social units and 406 TA units would have an annual cash deficit gap of between £0.7m and £1.2m.

4.2

Legal Implications

- 4.2.1 NCH have commissioned independent legal and practical guidance from Trowers & Hamblins in relation to a streamlined governance structure, consideration of the implications of the regulatory framework and providing a more practical and efficient governing structure. This advice is due to be received September 2024
- 4.2.2 As the Group only has one member of staff and operates primarily as an NCC contractor in the Temporary accommodation market, NCC must ensure relevant employment law advice is sought regarding the impact on its staff of any proposed exit strategy.
- 4.2.3 The NCH Group needs to carefully consider their duties and responsibilities under Section 171 of the Companies Act 2006 when making the recommendations to NCC CGEC.
- 4.2.4 NCC is the sole member of NCH Limited and sole creditor for all loans to the Group. 25 NCH RP homes have Homes England grant funding and restrictions which will require assessment and discussions with the Regulator of Social Housing.
- 4.3 Risk Implications
- 4.3.1 The initial risk analysis has identified the following issues which will be refreshed and reviewed.

	Risks identified
1	NCC Shareholder risks including Section 114 spending controls, and intervention of Commissioners.
2	Failure by NCH to repay the HRA debt and/or agree a mutually agreeable payment position.
3	Failure to receive gain agreement on the interest rates charged by NCC.
4	Failure to agree the cash flow support required to maintain operations for a minimum 3 years
5	NCC failure to deliver the required level of performance under the Service Contract.
6	Failure to agree NCC service contract costs for 2025 /2026 onwards.
7	Delays in disposal, including downturn in the housing market.
8	Failure to obtain NCC Lender Consent for sale of properties.
9.	NCC fail to provide timely guidance and decisions on their strategic requirements for temporary accommodation and future of the individual property cohorts.
10	Inability to agree with NCC appropriate staffing resources to deliver the Business Plan and Business as usual.

5.1 A detailed EIA will be required as part of the implementation plan to fully understand and assess the impact on current and future customers and impacted employees of NCC.

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2.2 APPENDIX ONE

NOTTINGHAM CITY HOMES

COMPANIES
GOVERNANCE
EXECUTIVE
COMMITTEE 17TH
SEPTEMBER 2024

EXEMPT REPORT

REPORT OF THE CHIEF OPERATING OFFICER

FUTURE OF NCH AND NCH RP

1 EXECUTIVE SUMMARY

To provide an update on work to ensure the risks to temporary accommodation is minimised, the provision of social and affordable housing is maintained, and the NCH Group maximise the repayment of sums owed to the NCC Housing Revenue Account, including.

- 1.1 An update on the viability of the NCH Group & NCH RP
- 1.2 An update on the progress of closure of NCH Enterprises Limited.
- 1.3 Presentation of a progress report on developing a short -term plan to continue operations of the RP for 3 years to preserve the supply of temporary accommodation; subject to approval of NCH & NCHRP Boards.
- 1.4 A progress report on options for asset disposal proposals for each of the NCH & NCHRP property cohorts, subject to approval of NCH & NCHRP Boards
- 1.5 A request for feedback to inform discussions and decision making by NCH and NCHRP Boards to enable agreement of the timetable for decisions by the Oversight Board.

2 RECOMMENDATIONS

- 2.1 CGEC note the progress and provide feedback on the suggested approach.

3 BACKGROUND

- 3.1 At the CGEC on the 21st May 2024, the NCH Business Plan based on the agreed main objectives outlined for NCH by NCC, was noted.
- 3.2 CGEC noted the requirement for further work to ensure the risks to temporary accommodation is minimised, the provision of social and affordable housing is maintained, and the NCH Group maximise the repayment of sums owed to the NCC Housing Revenue Account.
- 3.3 CGEC agreed to the formation a task and finish group to explore the legal, governance, financial and operational impacts of a managed exit for NCH Group and requested this progress report in September 2024. There was an

understanding that the objectives of minimising risk to the supply of temporary accommodation and resulting costs to NCC General Fund revenue budgets and the repayment of the HRA conflict.

3.4 The Task and Finish Group has undertaken further analysis to understand the viability of the NCH Group, including NCH RP and address the solvency challenges in (its subsidiary) NCH Enterprise Limited to ensure closure of the market rented business by March 2025.

3.5 Decisions on the future of NCH and NCH RP will have to be agreed by the relevant Boards.

Financial Analysis - NCH & NCH RP

3.6 The NCH Group is only sustainable in the short term without financial support from NCC. NCH is in the process of developing a proposal for continued operation in 2025/26, 2026 /27 and 2027/28 to ensure its temporary accommodation supply is protected for the benefit of local families and NCC. The process explores the financial implications and 'asks' of NCC and the governance and regulatory issues for the company and its subsidiaries.

The issues for consideration include.

- HRA Repayment schedule – how much and when will NCH need to make the repayments and how will this be agreed? It is envisaged that NCH will be able to make a £10m HRA debt repayment during 2025/26. Net cash receipts from NCHEL disposals to be retained by NCH Ltd to support ongoing operations (est. c.£1.9m), with any residual balance included within the final HRA Rebate payment.
- NCH will retain an amount from disposal of NCH owned assets to cover disposal costs and a schedule of HRA Rebate payments will be created (subject to the disposal timescales achieved)
- A negotiated agreement on future opportunity cost interest charges on the HRA debt to freeze / minimise the c.£1M pa. charge. Without an agreement in place to not charge further interest for the remainder of this schedule, the total HRA Rebate Settlement Figure is assuming interest will continue to be charged and will reach c.£29m. There is no prospect of this figure being reached by NCH without the disposal of all stock, which would not be feasible without significant impact on annual TA costs. If NCH & NCHRP dispose of all assets the estimated figure would be C.£28M.
- Agree the cashflow requirement and funding for the residual group from 2028/29 onwards, estimated @ between £0.7m to £1.2m. The costs have been assessed on the residual asset and operation of temporary accommodation.
- NCC Commitment to Letter of assurance for 2025/26, 2026/27 and 2027/28.
- Following disposal of all owned assets within the disposal plan, the total rebate payment back to HRA will be c. £18.9M, leaving c.£10m as an outstanding debt requiring write off.

3.7

Financial Analysis - NCC Temporary Accommodation

NCH RP delivers c.400 units of temporary accommodation for the Council commissioned through the Temporary Accommodation Services Framework. The service is largely funded via exempt housing benefit which an RP can

claim but which the Council cannot. These units are housing people who would otherwise be in accommodation funded by the NCC General Fund, saving the Council an additional recurrent revenue cost of between £6m and £13.8m per annum. This is based on 400 units delivered by NCH RP and based on taking on existing NCH RP arrangements (best scenario) or paying equivalent hotel / B&B costs (worst scenario). Taking the best-case scenario of £6m cost pa, over a three-year period the cumulative cost would be £18m, compared to the potential one-off HRA rebate write-off of £10m and worst case would result in £41.1m.

3.8 NCH EL -Closure Progress Update

NCH Enterprise Ltd. is on track for closure in March 2025. The disposal process is progressing with Phase 1 expected to complete by December 2024, Phase 2 & 3 expected to complete by March 2025.

The sale of Fairham House to NCC should be finalised before the lease from NCH to NCHRP expires in December 2024. NCC has agreed and is progressing the purchase at market value of Fairham House and intend to retain as unsupported temporary accommodation.

3.9 Maintaining NCH & NCHRP

NCC have requested a plan to continue operations for 3 years, to deliver the maximum HRA Rebate payment, whilst maximising the preservation of the supply of temporary accommodation. Further financial planning and legal and regulatory review is being undertaken to determine whether there is a longer-term viable solution for the residual group from 2028/29 and how this could be supported by NCC; the aim is to complete this by late November 2024

As the RP cannot be owned directly by NCC, this will necessitate the continuation of the NCH Group, to preserve the independence of the RP.

3.10 Asset disposal proposals for each of the NCH & NCHRP property cohorts

Analysis of the options for each stock holding in NCH and NCH RP has been undertaken to identify the optimum solutions to meet the objectives established by NCC and identify the options available to NCC as the Shareholder.

The decision support tool has been developed to enable assessment of the implications for the disposal of each property cohorts. The tool enables the options for property disposal to calculate the income from disposal for HRA rebate and costs to NCC in terms of temporary accommodation impact and costs i.e.: SDLT (Stamp Duty Land Tax)

3.11 Recommendations for each of the Property Cohorts

Appendix One provides an outline position to date for each of the NCH Group property cohorts.

3.12 Further work is required to develop a comprehensive implementation plan to provide a detailed process including governance, resources and capacity required to deliver, including a clear communication and consultation plan for stakeholders. A comprehensive risk analysis and management approach is required. It is proposed that the implementation plan be prepared for approval within a two-month timescale to be presented to CGEC and NCH & NCHRP Boards in November 2024.

4. FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 NCH have received independent tax and accounting advice on the property sales / disposal routes from Bishop Fleming.

4.1.1 NCH expect to achieve blended best advice summary on a recommendation for each cohort to achieve a company close, prioritising the least NCC impact on the provision of social and affordable housing in Nottingham and provision of temporary accommodation whilst delivering an optimum HRA rebate through either cash or asset equity transfer.

4.1.2 The financial roadmap for potential delivery of the scope covered in this report is as follows:

- Delivering an initial HRA Rebate payment of £10m to NCC during 25/26. This will include the disposal receipts for both Arboretum, and Forest Road West the timing of the payment is dependent upon those sale completions.
- Holding back the final NCH EL disposal proceeds balance c. £1.9m to fund the NCH Ltd Company over the next three years. Remaining balance to be added to the final HRA rebate repayment.
- Agreement on the disposal route of the NCH properties. In summary:
 - 120 Social Units transferred into HRA (price to be agreed, but to cover full NCC loan repayments, tax and selling costs. This will require a £1.4m SDLT from NCC. The projected sale price will be c. £16.1m.
 - 150 Dispersed Units sold over an estimated three-year period and swapped on a one for one basis with new PSL leases to avoid a potential £5.2m recurrent TA cost.
 - Midland House (21 units) sold to NCC at market rate with 21 new PSL leases swapped in.
 - The 39 social units in the RP remain as is.
 - An HRA Rebate repayment schedule delivering a further c. £9m during the three-year period, subject to asset disposal
- After the estimated three-year period the key points will be as follows:
 - An estimated HRA Rebate Settlement figure of c.£29m, which includes continued opportunity cost interest charges
 - Total HRA Rebate Repayments of c.£19m, requiring a one-off write off c. £10m by NCC
 - All NCC Loans fully settled, except for £3.9m outstanding on the 39 RP Social Properties which will continue to be repaid if the RP remains at that point
 - No impact on recurrent TA cost, with dispersed property disposals replaced with PSL Leases avoiding a potential £5.2m recurrent TA annual cost
 - NCC covering a total £1.6m of SDLT to purchase the 120 social units and Midland House

- A residual group comprising a holding company with no assets and a wholly owned RP subsidiary containing 39 owned social units and delivering a combined 406 TA units (29 through Highwood House and 377 through PSL)
- The remaining residual group will then require further financial, legal and regulatory consideration to determine how, as a going concern, it continues to trade. The different options at this point will require consideration. From the initial draft financial projections, based on the existing budgets and leases: -
 - The residual group delivering 39 social units, and 406 TA units would have an annual cash deficit of between £0.7m and £1.2m, which would need funding.

4.2 Legal Implications

- 4.2.1 Additional advice has been commissioned on the future of the NCH Group including governance arrangements this is expected from Trowers early September 2024.
- 4.2.2 As the Group only has one member of staff and operates primarily as an NCC contractor in the Temporary accommodation market, NCC must ensure relevant employment law advice is sought regarding the impact on its staff of any proposed exit strategy.
- 4.2.3 The individual Boards of the NCH Group need to carefully consider their duties and responsibilities under Section 171 of the Companies Act 2006 when making the recommendations to CGEC.
- 4.2.4 NCC is the sole member of NCH Limited and sole creditor for all loans to the Group. 25 NCH RP homes have Homes England grant funding and restrictions attached.
- 4.2.5 NCHRP cannot financially support NCH as the parent company.
- 4.2.6 NCH have commissioned independent legal and practical guidance from Trowers & Hamlins in relation to a streamlined governance structure, consideration of the implications of the Regulatory framework and providing a more practical and efficient governing structure.

4.3 Risk Implications

- 4.3.1 The initial risk analysis has identified the following issues which will be agreed, refreshed, and reviewed.

	Risks identified
--	-------------------------

1	NCC Shareholder risks including Section 114 spending controls, and intervention of Commissioners.
2	Failure by NCH to repay the HRA debt and/or agree a mutually agreeable payment position.
3	Failure to receive gain agreement on the interest rates charged by NCC.
4	Failure to agree the cash flow support required to maintain operations for a minimum 3 years
5	NCC failure to deliver the required level of performance under the Service Contract.
6	Failure to agree NCC service contract costs for 2025 /2026 onwards.
7	Delays in disposal, including downturn in the housing market, and property condition.
8	Failure to obtain NCC Lender Consent for sale of properties.
9.	NCC fail to provide timely guidance and decisions on their strategic requirements for temporary accommodation and future of the individual property cohorts.
10	Inability to agree with NCC appropriate staffing resources to deliver the Business Plan and Business as usual.

5 EQUALITY IMPACT ASSESSMENT

5.1 A detailed EIA will be required as part of the implementation plan to fully understand and assess the impact on current and future customers and impacted employees of NCC.

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Appendix 1: NCH Asset Disposal Programme - Progress Report

Order	Properties	Ownership	Considerations	Recommendations	Implementation Actions required	Disposal By
1	All Market Rent properties other than Fairham House (92 properties)	NCH EL Tenure – Assured Shorthold	<ul style="list-style-type: none"> EL to close March 2025 No impact on TA provision 	<ul style="list-style-type: none"> AGREED: Sell on open market Council has consented to the sale 	<ul style="list-style-type: none"> NCH Group is in the progress of managed disposal. Advice on process for closure of NCHEL commissioned from Trowers & Hamlins early September 2024. 	31/03/2025
2	Arboretum and Forest Road West (38 flats)	NCH Ltd Properties vacant	<ul style="list-style-type: none"> Arboretum properties are currently vacant. Forest Road West properties are let to Market Rent tenants and sale will be tenanted or given notice and vacant possession sale sought. 	<ul style="list-style-type: none"> AGREED: Sell on open market. No impact on TA provision 	<ul style="list-style-type: none"> NCH Group is in the progress of managed disposal. Assessment of marketing plan underway to achieve best value. No NCC GF loans exist for these properties. 	31/03/2025
3	Fairham House (24 flats)	NCH EL Current use temporary accommodation on licences	<ul style="list-style-type: none"> EL to close, so needs to be sold. Funded by NCC GF loan The estimated market value £3.64M, loan redemption value £3.16M, so £0.5m equity. SDLT would apply but NCC may be able to reclaim it. Expectation that NCC pay market valuation as not social housing. The lease from NCH EL to NCH RP expires December 2024. 	<ul style="list-style-type: none"> PRIMARY RECOMMENDATION: NCC HRA agree to buy as part of acquisition programme. HRA to buy with RTB RF and use as unsupported TA at Affordable Rent without Exempt Housing Benefit. 	<ul style="list-style-type: none"> Agree Independent Valuation – NCC to commission valuation & develop Business Case. Approval route to be determined. NCC & NCH to develop an administrative process to determine legal process of exchange and timescale for soft handover to transfer properties (to avoid clearance of NCH RP TA) & agree a completion date. The sale process needs to ensure NCC GF loan repayment and tax implications to NCH for the sale are included in the calculations. 	30/11/2024 ideally

Order	Properties	Ownership	Considerations	Recommendations	Implementation Actions required	Disposal By
4	NCH Social Rent homes (120 houses)	NCH Ltd Tenure - Assured tenancies	<ul style="list-style-type: none"> ▪ 5 Clifton and 1 Aspley purchased using NCH reserves (HRA), remaining 114 by NCC GF loan & land grant. ▪ Recent market valuation by HEB of £27.5M. ▪ Purchase at market value, or near, will increase RTB cost floor protection. ▪ Open market sale would realise value but as 'social' tenants this would make 120 family's homelessness. ▪ As allocated from the Council's Housing Register would likely give rise to a legal challenge. ▪ Tenant consultation on change of landlord is advised, although not a statutory requirement. ▪ Transferring the homes and tenancies to the HRA will require tenants to be transferred to secure council tenancies, this will include the Right to Buy. 	<ul style="list-style-type: none"> ▪ PRIMARY RECOMMENDATION: Transfer 6 owned without loan to NCC HRA with existing tenants to increase council housing stock & offset HRA debt repayment. ▪ SECONDARY RECOMMENDATION: Sell 114 owned with loan to NCC HRA with existing tenants to increase council housing stock. Any equity beyond loan repayment to be put to HRA debt repayment. ▪ If HRA transfer is not possible, sell to an RP to retain NCC access to social / affordable rent. 	<ul style="list-style-type: none"> ▪ Develop Business Case for NCC to purchase 120 social rent to increase council housing stock. ▪ This will potentially include a SDLT Liability for NCC of c. £1.4m and corporation tax liability for NCH of c. £3.2m ▪ NCC to determine valuation, legal and tax implications ▪ NCC to determine if transferring equity in properties can offset HRA debt repayment after satisfying GF loan. ▪ Tenant consultation. 	31/03/2025 ideally

Order	Properties	Ownership	Considerations	Recommendations	Implementation Actions required	Disposal By
5	Dispersed properties (150 homes)	NCH Ltd Licences for temporary accommodation	<ul style="list-style-type: none"> ▪ 140 fully funded by GF loan. ▪ 10 purchased with NCH (HRA) reserves. ▪ Est Market Value £21.8M, Debt £12.7M, £9.1M Equity. ▪ Full Stock Condition surveys are currently in progress. ▪ Properties need investment of approx. £80K per unit to achieve EPC/ C and adequately maintain. ▪ Unlikely to achieve net zero at any cost. ▪ Will not be attractive to any Private Registered Provider of Social Housing due to investment needs. ▪ Sell or lease to another provider for TA? They can then trickle sale with re-provision clauses. ▪ Transfer to NCC General Fund to manage trickle sale when vacant. Potential SDLT obligation for NCC. ▪ NCC may need advice on option to transfer to NCC GF. 	<ul style="list-style-type: none"> ▪ PRIMARY RECOMMENDATION: Trickle open-market sale of properties over 3 years with a one-for-one replacement from external provision to keep at contractual commissioned TA levels. ▪ SECONDARY RECOMMENDATION: Potential for NCC HRA to purchase ex-RTB properties in the portfolio. ▪ Agreed long -term retention not an option due to investment needs. ▪ Negative NPV and costs of maintaining/ meeting EPC/ C will compromise anything bar an open market sale. ▪ Full disposal must be complete by 2029 to avoid EPC/ C requirement in 2030. 	<ul style="list-style-type: none"> ▪ 100 leases expiring August 2024 to be extended for 1 year + option for further 1 year to retain current use will be recommended to Boards on 10 and 24 September 2024. ▪ Agree lender consent for trickle disposal over 4 to 5 years. ▪ NCC assessing @ 40 properties for purchase – Determine timescale for decision. ▪ Determine if equity can set aside HRA repayment (rebate) ▪ Test RP market to buy, but expect very limited interest, if any. ▪ Assess balance for sale at market value. ▪ To enable trickle transfer on void – requires valuation and agreement of internal process to determine annual outstanding principle and settlement figures to achieve the minimum of £12.7M loan debt and cover selling and legal fees and tax. ▪ Agree commissioning requirements for NCH RP provision of TA for 2025/26. ▪ Determine where properties will be owned if disposal timeline exceeds NCH life? ▪ Direct trickle sale through open market, vacant possession disposal after vehicle determined. 	31/12/2029

Order	Properties	Ownership	Considerations	Recommendations	Implementation Actions required	Disposal By
6	NCH RP owned general needs social housing for Affordable & Social Rent (31 houses)	NCH RP Assured tenancies	<ul style="list-style-type: none"> Est Market Value £8.9M outstanding debt £3.21M Homes England Grant on 17 general needs and 8 move on homes. Section 106 restrictions on the remaining 14 general needs. Assume tenanted sale, so no impact on TA costs. Existing Use Value (Social Housing) would be approx. 40% below market and therefore may not cover the debt to NCC GF. 8 refuge move-on require significant investment (approx. £60K per unit) to maintain and meet EPC/ C by 2030. 	<ul style="list-style-type: none"> PRIMARY RECOMMENDATION: Sale to an existing RP on Existing Use (Social Housing) basis. Consultation with the Regulator of Social Housing & tenants Flotation as 2 lots. 	<ul style="list-style-type: none"> Discussion with the Regulator NCC HRA could consider acquiring, but not able to use RTB 1-4-1. Explore sale to an existing RP – engage an agent e.g. Cambell Tickell to undertake soft market testing. Consideration to be given to separation of sale of 31 and 8 move-on – creation of 2 lots. Assess loan value & costs to determine reserve price. Seek lender consent from NCC. Requires tenant consultation on change of landlord – statutory requirement 	31/03/2026
7	NCH RP Move-On Supported Affordable Rent homes (8 houses)	NCH RP Assured tenancies	<ul style="list-style-type: none"> Fully funded by NCH (HRA) reserves with no loan. Valuation estimated at £3.5M Lease to NCH RP for TA expires in Dec-2024. The sale/ transfer would require careful sequencing as the lease rental income has a positive impact on NCH Ltd. financial sustainability. (Post Arboretum sale) Consideration by NCC as to setting aside equity on HRA repayment (rebate). SDLT will apply to purchase & Corporation Tax to the sale. 	<ul style="list-style-type: none"> PRIMARY RECOMMENDATION: NCC HRA buy using RTB RF to use as unsupported TA as per Fairham. NCC advise purchase will need to be in 2025/26 as there is limited capacity to purchase with RTB RF in 2024/25. Alternative is transfer to NCC GF & short-term lease to NCH RP for TA 	<ul style="list-style-type: none"> Agree Independent Valuation – NCC commission valuation & develop Business Case. Approval route to be determined. NCC & NCH to develop an administrative process to determine legal process of exchange and timescale for soft handover to transfer properties & agree a completion date. The sale process needs to ensure NCC loan repayment and tax implications to NCH for the sale are included in the calculations. 	
8	Midland House (21 flats)	NCH Ltd Licences for TA	<ul style="list-style-type: none"> Fully funded by NCH (HRA) reserves with no loan. Valuation estimated at £3.5M Lease to NCH RP for TA expires in Dec-2024. The sale/ transfer would require careful sequencing as the lease rental income has a positive impact on NCH Ltd. financial sustainability. (Post Arboretum sale) Consideration by NCC as to setting aside equity on HRA repayment (rebate). SDLT will apply to purchase & Corporation Tax to the sale. 	<ul style="list-style-type: none"> PRIMARY RECOMMENDATION: NCC HRA buy using RTB RF to use as unsupported TA as per Fairham. NCC advise purchase will need to be in 2025/26 as there is limited capacity to purchase with RTB RF in 2024/25. Alternative is transfer to NCC GF & short-term lease to NCH RP for TA 	<ul style="list-style-type: none"> Agree Independent Valuation – NCC commission valuation & develop Business Case. Approval route to be determined. NCC & NCH to develop an administrative process to determine legal process of exchange and timescale for soft handover to transfer properties & agree a completion date. The sale process needs to ensure NCC loan repayment and tax implications to NCH for the sale are included in the calculations. 	

NOTTINGHAM CITY HOMES REGISTERED PROVIDER

NCH RP QUARTER 1, 2024/25 PERFORMANCE REPORT

NCH RP BOARD

10 SEPTEMBER 2024

REPORT OF THE HEAD OF NCH REGISTERED PROVIDER

1. EXECUTIVE SUMMARY

- 1.1 This report updates the Board in relation to the key performance and building compliance measures for all NCH RP owned and managed homes and temporary accommodation as at Quarter 1, 2024/25.

2. RECOMMENDATIONS

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

3 REPORT

- 3.1 Most services delivered to NCH RP homes, tenants and licensees are delivered by Nottingham City Council (NCC) Housing Services under the NCC/ NCH Service Contract. This contract is currently under its annual review.
- 3.2 NCH lead officers have worked with the NCC Housing Services Business Transformation team to improve the quality of performance data to support management of the NCC/ NCH Service Contract and for Boards. This is the first month of the new Balanced Scorecard format, but some areas are still a work in progress. Officers welcome the views of Board members and their suggestions for improvement.
- 3.4 Key Performance Indicators are in Appendix 1, with NCC Housing Services commentary on an exception basis where performance is not meeting target.
- 3.5 Nominated NCH officers meet with NCC Housing Services Assistant Directors and Heads of Service monthly to discuss performance and agree actions for improvement as necessary.
- 3.6 Where performance does not meet expectations and/ or the requirements under the NCC/ NCH Service Contract and officers are unable to resolve, these are raised in accordance with the procedure detailed in the contract
- 3.7 The Housing Services Property team report that there are some IT issues currently being worked on that are preventing accurate repairs performance data and timely charging for work completed.

- 3.8 There have been no permanent homes relet in Q1. Of the temporary accommodation let in Q1, the NCC serviced properties have an average relet time of 61.9 days although it has been general repair work that has delayed relet rather than traditional void turnaround activities of clear, clean and gas/ electrical checks. Externally serviced temporary accommodation, by contrast, was turned around in an average of 6.4 days.
- 3.9 Rent collection performance is currently poor at 92.84% overall, but it is very susceptible to Housing Benefit schedule payment dates early in the year and collection rates are on par with previous years.
- 3.10 Repairs performance may not be currently reported correctly due to IT issues. Emergency repairs are stated at 83.7% against a 100% target and non-priority at 70.4% against a 65% target. The non-priority target is being challenged.
- 3.11 All Fire Risk Assessment significant finding actions have been completed, but contractors are being called back to Highwood House to rectify 4 items that need adjustment or further work. These are low risk rated fire door gaps and automatic closer sequencing issues.
- 3.12 Damp and Mould remains a concern with the previously reported backlogs taking time to clear with the assistance of outside contractors. New reported cases have been low over the first quarter which should assist in clearing backlogs before the winter peak period for damp and mould. A full stock condition survey of NCH RP and NCH properties is currently underway and has identified a number of HHSRS Category one issues. These are being dealt with as they come in. The cost of treatment is also a concern, particularly in Dispersed properties leased from NCH Limited. It is for this reason and others that NCH is seeking a 20% uplift in lease rental from NCH RP to maintain these properties to a decent level.

4 FINANCIAL IMPLICATIONS

- 4.1 Poor rent collection rates and not meeting already lengthy-target relet times adversely affect financial viability.
- 4.2 Due to issues getting cost data from IT systems, the majority of NCC repairs and maintenance costs have not been charged to NCH RP in the first quarter of 2024/25. This is being addressed.

5 LEGAL IMPLICATIONS

- 5.1 Properties and services should meet the Home Standard, which states:
- Registered providers shall ensure a prudent, planned approach to repairs and maintenance of homes and communal areas. This should demonstrate an appropriate balance of planned and responsive repairs, and value for money. The approach should include responsive and cyclical repairs, planned and capital work, work on empty properties, and adaptations.

Registered providers shall; Provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time, and meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES' OBJECTIVES

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

7 EQUALITY AND DIVERSITY IMPLICATIONS

7.1 Has the equality impact of these proposals been assessed?

Yes (EIA attached)

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

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

8.1 Appendix 1; NCH RP Performance Summary for Quarter 1, 2024/25

8.2 Appendix 2; NCH RP Balanced Scorecard for Quarter 1, 2024/25

Contact officers

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Date

29 August 2024

2.3 Appendix 1

NCH REGISTERED PROVIDER BOARD PERFORMANCE SUMMARY Quarter 1, 2024/25 (April 2024-June 2024)

Measure	24/25 Result	24/25 Target	Status	Short Trend	H/mark Quartile	23/24 Result	Responsible Officer
Stage one complaints responded to within complaint handling code timescales	50.00%	99.00%				66.67%	Jacque Beacroft
There were 3 complaints received with one being outside target which resulted in dip in performance.							
Proportion of homes that do not meet the Decent homes standard	0.82%	0.00%				7.47%	Wayne Smalley
A full stock condition survey (SCS) has commenced on all RP properties. These surveys will provide detailed data on the physical condition of all RP properties. This survey data will support ongoing maintenance , repairs and allow informed decisions to be made around prioritising future replacement programs to meet decency. NCHRP will be responsible for providing the funding and prioritisation of replacements required to ensure their stock meets decency							
% of domestic dwellings with a valid gas safety certificate	100.00%	100.00%				100.00%	Steve Cooper
Electrical safety: Ensuring that all properties have a valid EICR	100.00%	100.00%				100.00%	Paul Ruston
Average relet time (permanent homes)	0.0	45				19	Cath Stocks
Lettable voids	1	1				32	Cath Stocks
% of rent collected	92.84%	100.00%				98.84%	Cath Stocks / Keeley Johnson
<p>Temporary Accommodation rent collection - 93.02%</p> <p>Housing Benefit for Temporary Accommodation is paid 4 weekly and, at the end of June, 1 week of Housing Benefit was owing. This rectifies over the course of the year as Housing Benefit cycles align with rent charges.</p> <p>We are above the 91.45% rent collection at the end of Quarter 1 2023/24 and the overall rent collection for 2023/24 was 98.98%</p> <p>Weekly rent meetings are held focusing on those with ineligible charges and lower arrears, as the rent cases over 8 weeks have reduced over time. The highest arrears case is with Legal pending a court date. The next highest balance of £5k has now been cleared through a Housing Benefit backdate.</p>							

Measure	24/25 Result	24/25 Target	Status	Short Trend	H/mark Quartile	23/24 Result	Responsible Officer
Arrears as a % of rent due	4.16%	2.01%				6.70%	Cath Stocks / Keeley Johnson
<p>Temporary Accommodation arrears as a % of rent due is 4.17% for end of June This performance indicator is linked to the above % rent collection and same commentary applies.</p> <p>Permanent arrears as a % of the debit as of the end of Q1 were 3.66%. We are currently working to bring this figure down and increase the in-year collection rate as we progress through the year. The Head of Service is closely monitoring these cases and ensuring robust action is being taken. As outlined above, the way in which HB is paid four weekly in arrears and not paid at the end of the calendar month makes it difficult to see a true arrears position. The team are currently utilising over-time to review these cases and ensure the necessary action is being taken.</p>							
Emergency repairs completed in target	83.70%	100.00%				85.05%	Pinder Bungar
<p>Our average time to attend emergency repairs is currently 0.76 days against a target of 24 hours. A new process has been introduced in Repairs to ensure there is a flexible approach to resource requirements to meet the demands of the service. Where repairs being reported on an emergency basis there is still a circa 10% that are no access. The process for managing emergency repairs is the same for NCH RP properties as it is for NCC stock.</p>							
Non-emergency repairs completed in target	70.40%	65.00%				55.77%	Pinder Bungar
% of emergency repairs raised	16.84%	N/A				24.39%	Pinder Bungar
Average void repair cost per property	£4,751.77	N/A				£3,333.18	Pinder Bungar
Average cost of a responsive repair	£64.37	N/A				£95.50	Pinder Bungar

R7	Number of Damp and Mould cases reported	7	(WS) Numbers of reports of D&M will be low for this time of year as conditions are improved. However we are undertaking Stock Condition Surveys to all NCH stock which is highlighting any Damp and mould and these are being raised to inspect and rectify ongoing issues. so this number will rise.
R8	% of repairs completed within target (Damp and Mould)	3	
		4	
		75.00%	(TH) Current figure shows 75% this is due to 1 job being completed out of target
R8.5	Number of repairs cancelled (Damp and Mould)	2	(TH) These are duplicate orders. No orders are closed until completed
R9	Number of repairs outstanding (Damp and Mould)	148	(TH) On our report it is showing 46 outstanding, we have sent NCH D&M works to contractors to support completion
R10	% of non-access (Damp and Mould)	7	
		0	
		N/A	(WS) All non-access Inspections and work visits are rebooked until access is gained. If access not gain after the agreed process the escalation process followed as we need access once notified.
R11	Time taken in days to complete repair, or time outstanding (Damp and Mould)	186	(TH) This has been raised as a concern, we are currently using contractors to bring down the waiting time. Any that are highlighted as urgent we will attend and remove the risk, until the remedial work is completed

2.3 Appendix 2

NCH RP Balance Scorecard; Q1, 2024/25				2023/24	2024/25				
Ref.	Performance Indicator	Board	Result Type	Outturn 23/24	Target 24/25	April	May	June	Outturn 24/25
Repairs									
R1	% of repairs completed within target	RP Board	Numerator	1525		137	126	123	386
			Denominator	2112		167	136	137	440
			Result	72.2%	100.0%	82.0%	92.6%	89.8%	87.7%
R1.1	% of repairs completed within target (Priority 1 - Emergency)	RP Board	Numerator	478		30	26	21	77
			Denominator	562		39	29	24	92
			Result	85.1%	100.0%	76.9%	89.7%	87.5%	83.7%
R1.2	% of repairs completed within target (Priority 2 - Routine)	RP Board	Numerator	590		30	34	24	88
			Denominator	1058		50	40	35	125
			Result	55.8%	65.0%	60.0%	85.0%	68.6%	70.4%
R1.3	% of repairs completed within target (Priority 3 - Planned)	RP Board	Numerator	457		77	66	78	221
			Denominator	492		78	67	78	223
			Result	92.9%	99.0%	98.7%	98.5%	100.0%	99.1%
R2	Number of repairs raised	RP Board	Value	2846		264	221	198	683
R2.1	Number of repairs raised - Emergency	RP Board	Value	694		44	35	36	115
R2.2	Number of repairs raised - Routine	RP Board	Value	1307		76	65	55	196
R2.3	Number of repairs raised - Planned	RP Board	Value	845		144	121	107	372
R2.5	% of emergency repairs raised	RP Board	Value	24.4%	No Target	16.7%	15.8%	18.2%	16.8%
R3	% of non-access	RP Board	Numerator	145		14	17	15	46
			Denominator	2846		295	243	250	788
			Result	5.1%	No Target	4.7%	7.0%	6.0%	5.8%
R3.1	% of non-access (Priority 1 - Emergency)	RP Board	Numerator	23		4	0	0	4
			Denominator	694		167	136	137	440
			Result	3.3%	No Target	2.4%	0.0%	0.0%	0.9%
R3.2	% of non-access (Priority 2 - Routine)	RP Board	Numerator	84		1	6	0	7
			Denominator	1307		50	40	35	125
			Result	6.4%	No Target	2.0%	15.0%	0.0%	5.6%
R3.3	% of non-access (Priority 3 - Planned)	RP Board	Numerator	38		9	11	15	35
			Denominator	845		78	67	78	223
			Result	4.5%	No Target	11.5%	16.4%	19.2%	15.7%
R4	Number of repairs outstanding	RP Board	Value	183		761	747	754	754
R4.1	Number of repairs outstanding (Priority 1 - Emergency)	RP Board	Value	0		38	17	20	20
R4.2	Number of repairs outstanding (Priority 2 - Routine)	RP Board	Value	123		314	283	285	285
R4.3	Number of repairs outstanding (Priority 3 - Planned)	RP Board	Value	60		409	447	449	449
R5	Number of repairs cancelled	RP Board	Value	288		16	46	8	70
R5.1	Number of repairs cancelled (Priority 1 - Emergency)	RP Board	Value	34		4	3		7
R5.2	Number of repairs cancelled (Priority 2 - Routine)	RP Board	Value	197		6	35	4	45
R5.3	Number of repairs cancelled (Priority 3 - Planned)	RP Board	Value	57		6	8	4	18

NCH RP Balance Scorecard; Q1, 2024/25				2023/24	2024/25				
Ref.	Performance Indicator	Board	Result Type	Outturn 23/24	Target 24/25	April	May	June	Outturn 24/25
R6	Average cost of repairs completed	RP Board	Numerator	2112		167	136	137	440
			Denominator	201703.73		£ 9,110.03	£ 7,452.57	£ 11,759.79	£ 28,322.39
			Result	£ 95.50		£ 54.55	£ 54.80	£ 85.84	£ 64.37
R6.1	Average cost of repairs completed (Priority 1 - Emergency)	RP Board	Numerator	562		39	29	24	92
			Denominator	£ 20,032.31		0	0	£ -	£ -
			Result	£ 35.64		£ -	£ -	£ -	0
R6.2	Average cost of repairs completed (Priority 2 - Routine)	RP Board	Numerator	1058		50	40	35	125
			Denominator	£ 75,624.23		804.64	0.01	£ 120.00	£ 924.65
			Result	£ 71.48		£ 16.09	£ 0.00	£ 3.43	7.3972
R6.3	Average cost of repairs completed (Priority 3 - Planned)	RP Board	Numerator	492		78	67	78	223
			Denominator	£ 106,047.19		8305.39	7452.56	£ 11,639.79	£ 27,397.74
			Result	£ 215.54		£ 106.48	£ 111.23	£ 149.23	122.8598206
R7	Number of Damp and Mould cases reported	RP Board	Value	177		7	0	0	7
R8	% of repairs completed within target (Damp and Mould)	RP Board	Numerator	96		1	1	1	3
			Denominator	106		1	2	1	4
			Result	90.6%	Target?	100.0%	50.0%	100.0%	75.0%
R8.5	Number of repairs cancelled (Damp and Mould)	RP Board	Result	37		0	0	2	2
R9	Number of repairs outstanding (Damp and Mould)	RP Board	Value	50		52	50	46	148
R10	% of non-access (Damp and Mould)	RP Board	Numerator	177		7	0	0	7
			Denominator	0		0	0	0	0
			Result	N/A		N/A	N/A	N/A	N/A
R11	Time taken in days to complete repair, or time outstanding (Damp and Mould)	RP Board	Value	87		117.0	111.5	186.0	186.0
Compliance									
C1	Properties with a valid Gas Safety Certificate; NCC performance	RP Board	Numerator	273		273	273	273	273
			Denominator	273		273	273	273	273
			Result	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
C1A	Properties with a valid Gas Safety Certificate; External Provider performance	RP Board	Numerator	102		105	108	113	113
			Denominator	102		105	108	113	113
			Result	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
C2	Properties with a valid EICR	RP Board	Numerator	471		473	478	489	489
			Denominator	471		473	479	489	489
			Result	100.0%	100.0%	100.0%	99.8%	100.0%	100.0%
C3	Properties with a CO Detector	RP Board	Numerator	272		272	272	272	272
			Denominator	272		272	272	272	272
			Result	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
C4	Blocks with a valid FRA	RP Board	Numerator	4		4	4	4	4
			Denominator	4		4	4	4	4
			Result	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
C5	FRA significant findings actions completed on time	RP Board	Numerator	0		0	0	0	0
			Denominator	0		4	4	4	4
			Result	N/A	100.0%	0.0%	0.0%	0.0%	0.0%
RP01	Proportion of homes that do not meet the Decent homes standard	RP Board	Numerator	61		63	69	4	4
			Denominator	471		473	479	489	489
			Result	13.0%	100.0%	13.3%	14.4%	0.8%	0.8%

NCH RP Balance Scorecard; Q1, 2024/25				2023/24	2024/25				
Ref.	Performance Indicator	Board	Result Type	Outturn 23/24	Target 24/25	April	May	June	Outturn 24/25
Voids									
V1	Average relet time, excluding major works; Overall	RP Board	Value	19	45	50.7	15.6	22.0	34.3
V1A	Average relet time, excluding major works; NCC Managed	RP Board	Value		45	93.9	32.0	59.7	61.9
V2A	Average relet time, excluding major works; Externally Managed	RP Board	Value		5	3.9	6.9	8.3	6.4
V2	Average relet time, no exclusions	RP Board	Value	19					
V3	Voids In Target; NCC Managed only	RP Board	Numerator	29		4	3	5	12
			Denominator	304		15	4	6	25
			Result	9.5%	0.0%	26.7%	75.0%	83.3%	48.0%
TEM2	Number of lettable voids	RP Board	Result			0	19	8	8
V4	Average cost of void repairs	RP Board	Value	£ 3,333.18		£ 5,262.03	£ 3,439.68	£ 3,625.05	£4,751.77
Housing Tenancy Management									
H1	Annual tenancy visits completed	RP Board	Numerator						0
			Denominator						0
			Result	N/A	100.0%	N/A	N/A	N/A	N/A
H2	ASB cases received	RP Board	Value	0					0
H3	ASB cases completed	RP Board	Value	0					0
H4	ASB cases outstanding	RP Board	Value	0					0
Housing Income Management									
I1	Rent collected - In Year	RP Board	Numerator	0		£ 763,638.93	£1,555,636.58	£2,331,841.28	£2,331,841.28
			Denominator	0		£ 959,383.79	£1,734,923.69	£2,511,602.09	£2,511,602.09
			Result	N/A	100.0%	79.6%	89.7%	92.8%	92.8%
I2	Current arrears as a percentage of the annual debit	RP Board	Numerator			£409,986	£396,686	£407,184	
			Denominator			£9,741,777	£9,738,638	£9,771,614	
			Result		2%	4.2%	4.1%	4.2%	4.2%
I3	Former tenant arrears collected	RP Board	Numerator			£979	£1,626	£2,399	£ 5,005
			Denominator			£467,765	£472,977	£470,577	£ 470,577
			Result	N/A	TBA	0.2%	0.3%	0.5%	1.1%
I4	Recharges collected	RP Board	Numerator	0					£ -
			Denominator	0					£ -
			Result	N/A		N/A	N/A	N/A	
I5	Rent arrears cases being managed	RP Board	Value	0				0	
I6	Notices served for rent arrears	RP Board	Value	0				0	
I7	Possession Orders obtained for rent arrears	RP Board	Value	0				0	
I8	Value of welfare benefits assists obtained by Tenancy Sustainment team	RP Board	Value	0				0	
Complaints									
M1	Stage one complaints responded to within complaint handling code timescales	RP Board	Numerator	2		0	0	1	1
			Denominator	3		0	0	2	2
			Result	66.7%	99.0%	#DIV/0!	100.0%	50.0%	50.0%

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED

REPORT OF THE
ASSISTANT DIRECTOR OF FINANCE

NCH RP BOARD
10th SEPTEMBER 2024

NCH REGISTERED PROVIDER FINANCE MONITORING REPORT

1 EXECUTIVE SUMMARY

- 1.1 This report summarises the financial position as at the 30th June 2024, quarter 1 of 24/25. The report also provides a forecasted cash position for the end of the financial year.

2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 **NOTE** the content of the report.
- 2.2 **NOTE** the request for advice from Trowers & Hamlins regarding the process for applying for Community Benefit Society status. A verbal update will be provided to Board.

3 FINANCE MONITORING REPORT: QUARTER 1 24/25 - 30th June 2024

- 3.1 NCH RP management accounts is reporting a post tax surplus of £127k as at 30th June 2024. This compares favourably to the budgeted surplus for the period of £33k, a variance of £95k.

The improved position is mostly due to higher rent income (PSL growth) and underspends on repairs, which is expected to be paid later in the year.

A forecast exercise has taken place at Q1 and this shows an improved forecast profit after tax for 24/25 of £252k, a positive variance of £119k. This is mainly due to growth in private sector leasing since the budget was set.

Appendix 1 NCHRP Finance Monitoring Report Quarter 1 - provides a summary analysis of the Q1 outturn position.

- 3.2 **Appendix 2 NCHRP Balance Sheet Quarter 1** - provides a summary balance sheet for NCH RP to 30th June 2024, which shows a similar position to the end of the 23/24 financial year.

NCH RP has a healthy cash position and assets remain greater than its total liabilities by c. £1,842m.

A key point to note is the increase in the NCC creditor to £764k from £163k at the end of 23/24, which is due to delays in agreeing the 24/25 NCC service contract costs. Costs are expected to be in line with prior years, with payments commencing once the NCC service contract has been signed.

- 3.3 Profits reported to Board include an estimated corporation tax charge. The estimated tax charge as at 30th June is £53k.

Corporation tax will not be payable if NCH RP secures community benefit society status, but only from the point of successful application. Officers are awaiting on legal advice from Trowers & Hamblins as to the application process and a verbal update will be given to Board.

4 CASH POSITION 24/25

- 4.1 NCH RP had a healthy cash balance of £3.027m as at 30th June 2024, mostly due to large creditor balances owed to NCH (quarter 1 lease costs) and NCC (24/25 quarter 1 service contract costs).

NCH lease costs have since be paid in full and NCH RP are waiting on the reviewed NCC/ NCH Service Contract to be signed before settling all service contract costs to date.

- 4.2 The year end projected cash position is positive at £1.854m, after an update to reflect the Q1 forecast changes.

Actual cash transactions for Q1 have been reviewed and, although there are some delays with payments in the first three months of the year, this is not expected to impact the end of year cash balance. Payments are expected to be made during Q2 and Q3, in line with forecast.

Appendix C NCHRP Forecasted Cash Position 31st March 2025 - shows the detailed forecasted cashflow for NCH RP for 24/25.

5 RISKS

- 5.1 The NCC service contract costs for 2024/25 are not yet agreed, however, they are expected to be similar to 2023/24.
- 5.2 Necessary increases in NCH lease costs, if approved, will reduce forecasted profits, however, the company is expected to remain profitable and maintain a positive cash balance.
- 5.3 NCH RP remains exposed to corporation tax - the tax charge for 2023/24 was £209k. Although profits are not expected to be as high in 2024/25, the company would benefit from pursuing Community Benefit Society status as soon as possible, particularly given the likelihood of continued trading for the foreseeable future. Specialist advice has been sought.

- 5.4 NCH RP will be affected by future plans for the NCH Group, which will be covered in a separate report to Board.

6 LEGAL

- 6.1 There are no legal implications from this report, bar the exploration of Community Benefit Society status that has been assigned to Trowers and Hamlins for advice.

7 EQUALITY AND DIVERSITY IMPLICATIONS

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

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

- 8.1 Appendix 1: NCHRP Finance Monitoring Report Quarter 1
8.2 Appendix 2: NCHRP Balance Sheet Quarter 1
8.3 Appendix 3: NCHRP Forecasted Cash Position 31st March 2025

Contact Officers;

Andrew Berry, Assistant Director of Finance

Tracy Martin, Group Finance Accountant

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Appendix 1: NCHRP Finance Monitoring Report Quarter 1 (Period 3)

	PERIOD 3			2024/25			2023/24	Q1 Comments
	Actual	Budget Latest	Variance	Forecast	Budget Latest	Variance	Actuals	
NRP Ltd	YTD £'000	YTD £'000	YTD £'000	Full year £'000	Full year £'000	Full year £'000	Full year £'000	
Income Rental Properties	(2,500)	(2,437)	(63)	(10,509)	(9,748)	(761)	(8,690)	Higher PSL income
Income - Intercompany Leases	0	0	0	0	0	0	0	
Income Other	(62)	(62)	(0)	(250)	(250)	0	(220)	NCC Income - as per budget/agreement for year
NCC Service Contract - Management	494	494	0	2,057	1,977	80	1,783	NCC service contract costs accrued to budget
NCC Service Contract - Repairs & Other Property	94	171	(78)	695	685	10	444	Various underspends to repairs budgets
(Profit)/Loss on disposal	0	0	0	0	0	0	0	
Lease costs Intercompany	0	0	0	0	0	0	0	
External Lease & Other Property Costs	1,571	1,538	32	6,619	6,153	466	5,129	Higher external lease costs - PSL properties
Loan Interest	32	32	0	129	129	0	129	
Admin & Other Costs	191	214	(23)	902	856	46	648	Lower VAT charges mostly due to repairs underspends
Corporation Tax Estimate	53	17	37	106	66	40	209	Calculated on higher profits
(Profit)/Loss after tax	(127)	(33)	(95)	(252)	(132)	(119)	(567)	23/24 profit adjusted for corporation tax of £209k

Appendix 2: NCHRP Balance Sheet Quarter 1

NCHRP - Balance Sheet as at 30 June 2024

	Year to Date	Prior Year		
	Period 3	31st March 2024	Movement	
	£'000	£'000	£'000	Comments
Fixed Assets				
Tangible Assets - Property	4,641	4,659	(18)	Depreciation to P&L
Investment Properties	0	0	0	
Total Fixed Assets	4,641	4,659	(18)	
Current Assets				
Stocks	0	0	0	
Debtors - External	549	219	330	Higher rent debtor - timing of payments
Debtors - NCC	36	218	(182)	
Debtors - Intercompany	0	0	0	
Cash at bank and in hand	3,027	1,919	1,108	See Creditors - unpaid lease and service contract costs
	3,612	2,356	1,256	
Current Liabilities				
Creditors - External	(910)	(449)	(461)	Q1 Lease costs to NCH, now paid
Creditors - NCC	(764)	(183)	(582)	NCC Service Contract 24/25
	(1,674)	(631)	(1,043)	
Net Current Liabilities	1,938	1,725	213	
Total Assets Less Current Liabilities	6,579	6,384	195	
Long Term Creditors				
Loans - NCC	(3,963)	(3,893)	(70)	adj
Capital Grants	(774)	(777)	3	
Provisions - HRA Rebate	0	0	0	
Provisions - Other	0	0	0	
	(4,738)	(4,670)	(67)	
Net Assets/(Liabilities)	1,842	1,714	128	
Capital and reserves:				
Profit & (loss) YTD	128	(0)	128	
Revaluation Reserve	0	0	0	
Profit and loss account b/f	1,714	1,714	(0)	
Total Reserves	1,842	1,714	128	

* Figures Derived from ledgers - split of long term debtors and creditors included in statutory accounts not reflected in ledgers

Appendix 3 NCHRP Forecasted Cash Position 31st March 2025

NRP	ACTUAL	ACTUAL	ACTUAL	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FY25
CASH FLOW ACTUALS	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Total
Cash Inflows - Money In	ACTUAL	ACTUAL	ACTUAL	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	
Property Cohort													
Rent Income	728,373	760,574	749,624	875,754	875,754	875,754	875,754	875,754	1,264,446	875,754	875,754	875,754	10,509,053
Supporting People Income	0	60,000	0	19,999	19,999	19,999	19,999	19,999	19,999	19,999	19,999	19,997	239,991
Adjust for Unpaid Rent (replaces BDP in budget)	0	0	0	(17,515)	(17,515)	(17,515)	(17,515)	(17,515)	(70,060)	(17,515)	(17,515)	(17,515)	(210,181)
Prior Year Debtors	0	125,400	0	0	0	2,292	128,858	0	0	0	0	0	256,550
TOTAL CASH INFLOWS	728,373	945,974	749,624	878,239	878,239	880,531	1,007,096	878,239	1,214,385	878,239	878,239	878,236	10,795,413
Cash Outflows: Operating Costs - Money Out													
NCC Service Contract	0	0	0	(169,801)	(169,801)	(169,801)	(679,203)	(169,801)	(169,801)	(169,801)	(169,801)	(169,801)	(2,037,609)
NCC Repairs	0	0	0	(57,939)	(57,939)	(57,939)	(231,757)	(57,939)	(57,939)	(57,939)	(57,939)	(57,939)	(695,271)
Intercompany Lease Costs	0	0	0	(574,212)	(143,553)	(143,553)	(143,553)	(143,553)	(143,553)	(143,553)	(143,553)	(143,553)	(1,722,637)
External Leases	(296,068)	(232,718)	(388,374)	(346,584)	(346,584)	(346,584)	(367,016)	(367,016)	(367,016)	(367,016)	(367,016)	(367,016)	(4,159,005)
NCC Other Costs	0	0	0	(11,171)	(11,171)	(11,171)	(11,171)	(11,171)	(11,171)	(11,171)	(11,171)	(44,684)	(134,052)
External Costs	(16,601)	(58,079)	(40,917)	(39,872)	(39,872)	(39,872)	(39,872)	(39,872)	(43,890)	(39,872)	(39,872)	(39,872)	(478,462)
VAT	0	12,000	0	(61,758)	(61,758)	(61,758)	(259,032)	(61,758)	(61,758)	(61,758)	(61,758)	(61,758)	(741,096)
Prior Year Creditors	(163,394)	(108,568)	(23,163)	0	0	(244,031)	0	0	0	0	0	0	(539,155)
Cash Outflows: Total Operating Costs - Money Out	(476,062)	(387,364)	(452,454)	(1,261,337)	(830,678)	(1,074,709)	(1,731,604)	(851,110)	(855,128)	(851,110)	(851,110)	(884,623)	(10,507,287)
Cash Outflows: Finance and Tax - Money Out													
NCC Loan Interest	0	0	0	0	0	(52,750)	0	0	0	0	0	(52,750)	(105,500)
NCC Loan Principle	0	0	0	0	0	(19,253)	0	0	0	0	0	(19,253)	(38,505)
General Overheads	0	0	0	0	0	0	0	0	(209,159)	0	0	0	(209,159)
Total Cash Outflows: Finance - Money Out	0	0	0	0	0	(72,003)	0	0	(209,159)	0	0	(72,003)	(353,165)
Total Cash Outflows	(476,062)	(387,364)	(452,454)	(1,261,337)	(830,678)	(1,146,711)	(1,731,604)	(851,110)	(1,064,287)	(851,110)	(851,110)	(956,626)	(10,860,452)
NET CASH FLOW	252,311	558,610	297,170	(383,098)	47,561	(266,181)	(724,507)	27,129	150,098	27,129	27,129	(78,389)	(65,039)
Opening Cash	1,919,135	2,171,445	2,730,055	3,027,225	2,644,127	2,691,688	2,425,507	1,701,000	1,728,129	1,878,227	1,905,356	1,932,485	1,919,135
Closing Cash	2,171,445	2,730,055	3,027,225	2,644,127	2,691,688	2,425,507	1,701,000	1,728,129	1,878,227	1,905,356	1,932,485	1,854,096	1,854,096

NOTTINGHAM CITY HOMES REGISTERED PROVIDER

NCH RP BOARD

REPORT OF THE HEAD OF GOVERNANCE AND COMPLIANCE

10 SEPTEMBER 2024

REGISTERED PROVIDER RISK REGISTER

1 EXECUTIVE SUMMARY

- 1.1 At its meeting in May the Board requested risks on fiduciary duty and stock condition to be considered for inclusion on the risk register. A new risk GOV05 - Compliance with the Companies Act 2006 - Acting in the best interests of the Group while supporting NCC on e.g. retaining TA - has been created. A further action "Stock condition completed, and recommendations implemented" has been included in risk PROP02 - Existing properties are regularly repaired and maintained to a prescribed standard. Elsewhere the register has been updated to reflect the current position on the Data Integrity Audit and Service Contract.

2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 **Reviews** and **agrees** the current position of the RP Risk Register.

3 REPORT

- 3.1 At its previous meeting the Board

- Requested a risk on fiduciary duty be included on the register
- Asked officers to consider whether a lack of stock condition data and mitigating actions should be added to the register

- 3.2 In response to the risk on fiduciary duty, the risk below has been added to the **Governance** section of the register. The risk is currently medium, and mitigations include the ongoing work being conducted by the joint NCH/NCC Task and Finish Group to finalise and implement the NCH Business Plan.

Compliance with the Companies Act 2006 - Acting in the best interests of the Group while supporting NCC on e.g. retaining TA.

Risk **GOV1** - Board had a clear Corporate Strategy which outlines the business priorities and strategic direction, has also been updated to reflect the current position on business planning. Board may wish to review the current score accordingly.

- 3.3 Concerning Risk **REG4** - Changes in Government/Government Policy or NCC policy impact on operating environment and business model – we are now receiving quarterly information from NCC and so there are no further actions required on this risk at this time.

- 3.4 With regard to stock condition, an update has been added to the further action required section to risk **PROP2** - Existing properties are regularly repaired and maintained to a prescribed standard, that states as follows – “Stock condition completed and recommendations implemented”.
- 3.5 Relevant parts of the register have also been updated to reflect the current position of the Data Integrity audit and Service Contract.

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

- 4.1.1 There is an element of uncertainty about the future ownership of the RP.

4.2 Legal Implications

- 4.2.1 None

4.3 Risk Implications

- 4.3.1 NCH RP Ltd needs to demonstrate its ability to manage risk in line with the Regulatory requirements. Significant risks are highlighted to ARCC and escalated to the Group Board where appropriate.

5 IMPLICATIONS FOR NCH RP's OBJECTIVES

- 5.1 The risk register is compiled with reference to the Company's objectives.

6 EQUALITY AND DIVERSITY IMPLICATIONS

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

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

- 7.1 Appendix 1 – NCH RP Risk Register

Contact officers: Name: George Pashley
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George.pashley@nottinghamcity.gov.uk

Date: 3 September 2024.

NOTTINGHAM CITY HOMES GROUP RISK REGISTER

Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Risk Rating	Further Action Required	Target Risk/Risk Appetite
-----	<i>This column details the risks within each risk category.</i>	<i>Person responsible for managing controls and further actions (may be more than one person)</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor</i>	<i>This column defines the acceptable level of risk., as defined by our risk appetite</i>
01	Board had a clear Corporate Strategy which outlines the business priorities and strategic direction	Executive Assistant	3	4	12	HIGH	a. RP Chair letter on future direction of travel sent to NCC. Discussions ongoing b. Asset Options Appraisal advanced. c. Standing Orders have been reviewed post the NCC transition. d. First draft of NCH RP Business Plan received favourably by NCC e. RP Business plan that meets NCH RP's requirements approved by Board on 14 May 2024"	2	3	6	MEDIUM	a. RP Business plan that meets NCH RP/NCC's ongoing requirements to be approved	LOW
02	There is a highly skilled, diverse and well trained Board able to lead the RP	Head of Governance and Compliance	3	4	12	HIGH	a. Board constitution allows for a diverse appointment of people. b. There are appraisal, induction effectiveness and training programme in place c. Recruitment is undertaken competitively d. Group Board renewal strategy approved e. Board skills audit has been completed f. Regulatory training completed February 2024	2	3	6	MEDIUM	a. Board Member recruitment to take place	LOW
03	The Board successfully manages relationships with key stakeholders	DCR/Head of Governance & Compliance	3	4	12	HIGH	a Board is regularly updated on Group business. b. Board has an establish direct link with the ROOSH c. Maintain strong ongoing relationships with NCC colleagues to ensure their business needs are met.	2	3	6	MEDIUM	a. Conduct RP Board exercise to identify key stakeholders and agree how best to influence them b. More regular reporting on NCC intentions for NCH RP. c. Brief ROOSH on Board and Governance Changes	LOW
04	The Board is aware of how it will be supported post transition to NCC	Head of Governance and Compliance/Executive Assistant	3	4	12	HIGH	a. Chair letter to NCC requesting clarity on future direction of travel b. NCC service agreement presented to Board c. NCC/ NCH Group Service Contract in place and performance reviewed"	3	4	12	HIGH	a. Longer term staffing arrangements still to be finalised.	LOW

NOTTINGHAM CITY HOMES GROUP RISK REGISTER

02	FINANCIAL RISK	Financial risks are clearly identified and managed with strong financial controls to ensure financial viability										Risk Owner:	Andrew Berry Date of last review: September 2024
Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Risk Rating	Further Action Required	Target Risk/Risk Appetite
-----	<i>This column details the risks within each risk category.</i>	<i>Person responsible for managing controls and further actions (may be more than one person)</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor</i>	<i>This column defines the acceptable level of risk., as defined by our risk appetite</i>
01	There is a clear financial plan which demonstrates viability and sustainability, with consideration to risks which may impact financial performance	AD Finance & Procurement	3	3	9	HIGH	a. Annual budget produced and monitored b. Regular re-forecasting of financial performance c. 5 year MTFP presented to RP Board. d. Stress testing completed and presented to RP Board. e. Stresstesting will be completed annually.	3	2	6	MEDIUM	a. Relevant assurances sought from NCC as to how services will be delivered to NCHRP tenants from 1 April 2023 onwards. b. Exploring potential for employees who provide services to NCHRP tenants to be retained within the NCH Group. c. Capacity to / feasibility of increasing rents (or reduce service costs) to cover irrecoverable VAT costs anticipated to arise if services to NCHRP tenants are provided by NCC.	LOW
02	There are strong financial controls in place to ensure income and expenditure is appropriately accounted for, statutory reporting requirements are met and risks are minimised	AD Finance & Procurement	4	3	12	HIGH	a. SO's, Financial regulations and procurement procedures in place and operating b. NCH Oracle finance system with separate ledger operating for RP c. Internal audit of key financial controls (Assurance) External audit of annual accounts (Assurance)	2	2	4	LOW	a. Regular updating of Fin.Reg and Procurement procedures b. Ensure Service Contract is in place with NCC and KPI's, performance and recharges are monitored and challenged." to read "b. Ensure Service Contract KPI's and performance meets the required standard and recharges are monitored and challenged."	LOW
03	There are mechanisms in place to monitor and assess funding, new business & development opportunities	AD Finance & Procurement/ Head of Development / Executive Assistant	3	3	9	HIGH	a. Modelling completed for new opportunities b. Approval process for significant new projects	3	2	6	MEDIUM	There are no current plans for new development or an increase in owned stock	LOW
04	Board has clear financial oversight of the RP's financial performance	AD Finance & Procurement	3	3	9	HIGH	a. Regular financial reporting to RP Board b. 5 year MTFP presented to RP Board. c. Stress testing completed and presented to RP Board. d. Cash-flow reporting provided to Board	2	2	4	LOW	a. Ongoing consultation with Board on financial reporting and future requirements.	LOW

NOTTINGHAM CITY HOMES GROUP RISK REGISTER

03		Legal and regulatory compliance										The RP complies with all relevant statutory and regulatory requirements		Risk Owner:	George Pashley/Mark Lawson Date of last review: September 2024	
Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Risk Rating	Further Action Required	Target Risk/Risk Appetite			
-----	<i>This column details the risks within each risk category.</i>	<i>Person responsible for managing controls and further actions (may be more than one person)</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor</i>	<i>This column defines the acceptable level of risk, as defined by our risk appetite</i>			
01	Board is aware of all of its regulatory and legal obligations and can demonstrate compliance with them	Executive Assistant/Head of Governance and Compliance	3	4	12	HIGH	a. annual report produced outlining compliance with relevant regulations and legislation. b. All reports carry advice on related legal and regulatory requirements. c. A Group Solicitor and legal advisory framework is available for RP use d. Annual self-assessment against RoSH standards e. Board training on compliance completed	2	3	6	MEDIUM	a. Guidance to be updated in light of implementation of White Paper on Social Housing b. Further training to be considered c. Ongoing assessment of new regulations and monitoring actions through HQN Assessment Tool.	LOW			
02	Processes are in place to manage potential reputational risks	Executive Assistant/Head of Governance & Compliance	2	3	6	MEDIUM	a. Risk registers in place where potential reputational risks can be identified and managed. b. A Marketing and Communications Team is in place to support the RP Board where required. c. Separate satisfaction surveys and monitoring for RP introduced d. Data Integrity Audit completed.	1	3	3	LOW	a. 24/25 NCC service contract signed, implemented and managed. b. Outcomes of Data Integrity Audit to be implemented.	LOW			
03	Robust data management which enables company to meet obligations under GDPR/ICO and cyber security	Head of Governance and Compliance/ Head of Business Transformation	2	4	8	MEDIUM	a. Senior managers attached NCC can provide advice and support. b. All NCC employees receive annual training on GDPR c. There is an ICT Acceptable Use Policy in place d. IT infrastructure managed by NCC e. Data Management strategy in place f. NCC presentation to ARCC on protection against cyber security g. NCC service contract, including Data Sharing Agreements have been signed, implemented and are being managed." f	2	3	6	MEDIUM	a. NCC service contract, including Data Sharing Agreements have been signed, implemented and are being managed. b. Outcomes of Data Integrity Audit of NCH to be implemented.	LOW			
04	Changes in Government/Government Policy or NCC policy impact on operating environment and business model	Head of Business Transformation	3	4	12	HIGH	a. Changes to Government policy and their impact are regularly reported to the Board b. Regular updates on legislative and policy changes are provided to all NCH NEDs c. There is a Service Contract which can be used to get advice on all current and impending policy changes d. Board papers include a paragraph on the legal implications applying to each report e. Officers hold regular meetings with NCC to review potential changes in requirements	1	4	4	LOW		LOW			

NOTTINGHAM CITY HOMES GROUP RISK REGISTER

04	PROPERTY	All properties comply with the decent home standard and are regularly repaired and maintained										Risk Owner:	Mark Lawson Date of last review: September 2024
Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Risk Rating	Further Action Required	Target Risk/Risk Appetite
-----	<i>This column details the risks within each risk category.</i>	<i>Person responsible for managing controls and further</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the</i>	<i>This column defines the acceptable level of risk.,</i>
01	Robust management of key Compliance areas (Asbestos, Gas, Fire, Water, Electric) with strong reporting and analysis	Executive Assistant	2	3	6	MEDIUM	a. Signed Service Contract with NCC b. There is a compliance control regime in place including quarterly reports and ARCC oversight c. Electric and Gas testing regime in place provided by NCC through Service Contract d. There is a competent fire safety professional to undertake risk assessments e. NCH Building Safety Manager employed and Building Safety Group provides oversight and assurance	3	3	9	HIGH	a. Effective Service Contract performance reporting . b. NCC ownership and delivery of actions to address significant findings in Fire Risk Assessments. c. Completion of identified outstanding Fire Safety actions d. Effective and timely interventions to deal with damp and mould. e. Outcomes of Data Integrity Audit implemented	LOW
02	Existing properties are regularly repaired and maintained to a prescribed standard	Executive Assistant	3	3	9	HIGH	a. Service Contract in place via NCC b. Monthly contract management meetings with NCC and clear routes of escalation, including Issues Log and Dispute Resolution mechanisms c. Regular performance and financial reporting to Board d. There is new complaints policy in place for customers e. Defined asset management plan and stock condition surveys in place via NCC f. Monitoring of tenant satisfaction on customer service and quality of repair	4	3	12	HIGH	a. Assurance from NCC that contract requirements will be delivered. b. Effective management reporting from NCC on services, activities and repairs delivered for NCH RP, with agreed performance indicators. c. Establish effective method of managing 3rd party contractors d. Demonstrate integrity of management information being received from NCC and any other source. e. Stock condition completed and recommendations implemented	LOW
03	Risks to funding of new build homes are identified and managed.	Executive Assistant	3	4	12	HIGH	a. Professional staff are in place to identify and apply for new funding. b. Regular reports on potential opportunities are provided to Board	2	3	6	MEDIUM	a. Unlikely RP will develop more new homes in the short-term - review again in February 2025.	LOW

NOTTINGHAM CITY HOMES GROUP RISK REGISTER

05	PEOPLE	The wellbeing of residents, contractors and employees is embedded in everything we do.									Risk Owner:	Mark Lawson	
Ref	Sub-Risks	Resp. Officer	Likelihood	Impact	Risk Score	Risk Rating	Existing Controls	Likelihood	Impact	Risk Score	Risk Rating	Further Action Required	Target Risk/Risk Appetite
-----	<i>This column details the risks within each risk category.</i>	<i>Person responsible for managing controls and further actions (may be more than one person)</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column provides details of the measures already in place to control each sub risk. These are the measures that are to be included in an audit programme.</i>	<i>On scale of 1-4</i>	<i>On scale of 1-4</i>	<i>Likelihood x Impact</i>	<i>From NCH Group Risk Framework page 11</i>	<i>This column specifies any further actions required to reduce the sub-risk to an acceptable level. These actions are the responsibility of the risk owner to implement / monitor</i>	<i>This column defines the acceptable level of risk., as defined by our risk appetite</i>
01	Health and safety for tenants/properties is effectively managed and monitored	Head of H&S	3	4	12	HIGH	a. Risk assessment processes in place for tenant/property related activities b. H&S reporting is split to clearly identify RP Properties and actions c. Regular health and safety compliance reports submitted to Board and ARCC	2	4	8	MEDIUM	a. Effectively manage delivery of the NCC NCH service contract	LOW
02	Recruitment and retention of key employees employed through an SLA. Roles and responsibilities are clearly defined and well managed	Head of OD	3	4	12	HIGH	a. Qualified professional staff are available through NCH Group - Solicitor, Housing, Governance, Finance	2	3	6	MEDIUM	a. Effectively manage delivery of the NCC NCH service contract b. Secondment of NCH Group support or other stafing arrangements to be confirmed by NCC	LOW
03	Health,safety and wellbeing for staff and contractors is effectively managed and monitored		3	4	12	HIGH	a. Risk assessment processes in place for staff/contractor related activities b. CDM processes and manager in place and regularly applied c. Accident reporting and monitoring system in place with H&S Committee d. Relevant training in place for managers & staff e. Covid task force and recovery plans	2	4	8	MEDIUM	a. Effectively manage delivery of the NCC NCH service contract	LOW
04	Tenants are satisfied in the management of their properties and have a voice	AD (Tenancy)	3	4	12	HIGH	a. NCH has range of involvement mechanisms including involvement in the Company's governance structures. b. Regular in-house survey outcomes for NCH Group c. Complaints procedure in place, outcomes for NCH Group also reported to EMT/Board d. Separate complaints reporting now in place for RP tenants and reported to RP Board e. Separate customer satisfaction surveys for RP Tenants undertaken along same lines as NCC tenants	2	4	8	MEDIUM	a. Self-assessment against Tenant Satisfaction Measures.	LOW

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED

NCH RP BOARD

10 SEPTEMBER 2024

REPORT OF THE HEAD OF NCH REGISTERED PROVIDER

RENTAL TERMS FOR THE LEASE RENEWAL OF 100 DISPERSED PROPERTIES FROM NCH LIMITED FOR TEMPORARY ACCOMMODATION

1 EXECUTIVE SUMMARY

1.1 On 10 May 2024, the Board of Nottingham City Homes Registered Provider (NCH RP) approved the renewal of a range of leases due to expire in 2024/25, including two leases for a total of 100 dispersed properties from Nottingham City Homes Limited (NCH).

1.2 This report seeks the approval of the NCH RP Board to agree above inflation lease rental terms on renewal to ensure the continued provision of these 100 properties for homeless families.

2 RECOMMENDATIONS

2.1 It is recommended that the Board;

2.2 **Note and Comment** on the report.

2.3 **Approve** a 20% increase in lease rental terms from 16 August 2024 to 31 March 2025 for the 100 NCH dispersed properties known as Tranche 1 and 2, as detailed in Section 4.1.1.

3 REPORT

3.1 NCH and NCH RP entered into two lease agreements for 50 properties each on 16 August 2019 for a term of 5 years. Approval to renew the leases until 31 March 2025 was given by the NCH RP Board on 10 May 2024.

3.2 The Temporary Accommodation Services framework contract with Nottingham City Council (NCC) requires NCH RP to provide 400 units of temporary accommodation and these properties account for a quarter of that number.

3.3 NCH Limited have advised that the annual inflationary increases applied since 2020 have not been sufficient to cover costs and are therefore seeking an above inflationary increase on renewal to ensure properties are well maintained.

- 3.4 NCH cost pressures are due to the increased maintenance burden that these predominately Edwardian terraced properties require, damp and mould work, higher NCC overheads and VAT which was not levied prior to 2023. The lease provides for NCH Limited to keep the properties in good repair. NCH RP is responsible for void repairs and internal decoration.
- 3.5 Full stock condition surveys are currently being undertaken. The results and associated additional costs for NCH should be identified shortly.
- 3.6 NCH RP needs temporary accommodation that is safe and decent and it is accepted that a higher lease rental needs to be paid to ensure standards are maintained and improved.
- 3.7 As approval for the lease renewal runs to 31 March 2025 only, a full re-assessment will be undertaken prior to a new lease agreement. New rental terms will be based on the stock condition requirements and expected retention period for dispersed properties and will be presented to Board for approval prior to April 2025.
- 3.8 It has been broadly agreed by the NCH Group and NCC that the NCH Dispersed properties will need to be disposed of by 2029 at the latest due to the costs of meeting EPC/ C by 2030 and the need for NCH Limited to realise equity in their stock to repay debts to NCC. There are draft plans to replace this stock on a one-for-one basis with licensed external provision. The new lease agreement contains more agile termination clauses to allow this to happen, although it is unlikely that any properties will be disposed of during the term of this short lease agreement.

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

- 4.1.1 NCH have proposed that the current annual lease rental for the 100 properties up for renewal is increased by 20% from £733,333 per annum (£7,333 per property) to £880,000 per annum (£8,800 per property) and a £91,667 pro-rata increase is applied from 16 August 2024 to 31 March 2025.
- 4.1.2 Current lease costs are covered by Housing Benefit eligible charges levied to residents for their temporary accommodation. The £91,667 increase from 16 August 2024 to 31 March 2025 will be absorbed by NCH RP budgets, with charges to residents re-based on 1 April 2025.
- 4.1.3 If approved, this additional cost would reduce the forecast surplus for the 2024/25 year from £252k (as reported in the earlier Finance report) to £162k. It is anticipated that prudent financial management and some new provision will positively affect the current out-turn forecast position.

4.2 Legal Implications

- 4.2.1 Under the Home Standard, NCH RP must provide properties that are safe and decent.
- 4.2.2 NCH Limited would not be able to enter into a new lease agreement that did not cover its costs.

4.3 Risk Implications

- 4.3.1 If the lease rental cannot be agreed, NCH RP would risk losing a quarter of its temporary accommodation provision and would be in breach of its contractual obligations to NCC for the provision of Temporary Accommodation Services.

4.4 HR Implications

- 4.4.1 There are no specific HR implications coming from this report, but if lease renewal cannot be agreed, there would be too many NCC staff in the Temporary Accommodation team.

5 **IMPLICATIONS FOR NOTTINGHAM CITY HOMES REGISTER PROVIDER OBJECTIVES**

- 5.1 Better maintained properties help NCH RP to deliver its key objectives of providing excellent quality, affordable homes to rent and accommodate those in housing need.

6 **EQUALITY AND DIVERSITY IMPLICATIONS**

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

No, this report does not contain proposals which require an EIA.

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

- 7.1 None.

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Date: 23 August 2024

NOTTINGHAM CITY HOMES REGISTERED PROVIDER LIMITED

NCH RP BOARD

10 SEPTEMBER 2024

REPORT OF THE HEAD OF NCH REGISTERED PROVIDER

NCC INVITATION TO TENDER; SUTTON HOUSE FOR USE AS SUPPORTED TEMPORARY ACCOMMODATION

1 EXECUTIVE SUMMARY

- 1.1 Nottingham City Council (NCC) has recently issued an Invitation to Tender for the leasing of Sutton House and the provision therein of supported temporary accommodation.
- 1.2 This report provides the NCH RP Board with details of the Invitation to Tender and explains why there is an officer recommendation not to submit a tender response.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board;
- 2.2 **Note and Comment** on the report.
- 2.3 **Approve** the decision not to submit a tender response and bid for the contract to lease Sutton House and provide temporary accommodation services therein.

3 REPORT

- 3.1 Nottingham City Council (NCC) has recently issued an Invitation to Tender (ITT) within the confines of their Temporary Accommodation Services framework, to which NCH RP, amongst others, is a contracted party.
- 3.2 The Temporary Accommodation Services framework contract with Nottingham City Council (NCC) requires NCH RP to provide at least 400 units of temporary accommodation for families and NCH RP currently provides 425.
- 3.3 Sutton House, Ilkeston Road, Radford is an NCC Housing Revenue Account Independent Living (Sheltered) scheme that was identified as being under-occupied and potential for a different use. Approval was given to relocate the remaining older residents and convert to use as supported temporary accommodation, delivered through a third-party Registered Provider of Social Housing. There are 46 one-bedroom flats, 2 three-bedroom maisonettes and communal space.

- 3.4 NCC have proposed that Sutton House be leased to an RP and runs as supported temporary accommodation, with security/ concierge services outside office hours. The ratio of staff to families suggested in the ITT would require 3 full-time support staff and a security presence to supervise 24/7 access and allocation.
- 3.5 The ITT was issued to contracted Temporary Accommodation Services framework parties in mid-August and the closing date for bids is 16 September 2024.
- 3.6 The key attributes for the ITT are;
- ❖ 5-year lease and commissioning, commencing 1 January 2025
 - ❖ £177k per annum initial lease rental (£71 per flat)
 - ❖ Annual indexation, each January at CPI 2 months prior, divided by base CPI. Whilst this is an accepted method of indexation for commercial leases, it does not necessarily sit well with a straight CPI uplift as required by the Rent Standard
 - ❖ Tenant lessee to keep in good repair – this includes roof, communal parts, lift, etc – a big risk on a 5-year lease.
 - ❖ Initial furniture is included, with the tenant lessee to replace at their own cost
 - ❖ Maximum occupancy levels suggested by NCC (and furnished accordingly) are too high in the report author's opinion; up to 5 persons in a 1 bed flat
 - ❖ 50% quality/ 50% price assessment.
- 3.7 The ITT has been discussed and considered by the NCH Management Group. It is the view of the officer group that the timing, the length of the lease and the terms therein present an unacceptable level of risk to NCH RP and are therefore recommending that a bid is not made.

4 FINANCIAL, LEGAL AND RISK IMPLICATIONS

4.1 Financial Implications

- 4.1.1 A five year full repairing obligation lease would present an unacceptable level of financial risk to NCH RP at this stage.
- 4.1.2 Notwithstanding (4.1.1) above, any financial viability would be dependent on Exempt Accommodation Housing Benefit to provide sufficient income to deliver the supported housing service. This is the same with all NCH RP temporary accommodation provision, but other lease agreements are of a short-term nature to mitigate the risk of benefit regulations changing and rendering this kind of provision unviable.

4.2 Legal Implications

- 4.2.1 The NCH Group has proposed a 3-year plan for continued operation to NCC for consultation. This includes additional support funding and disposal of the 150 Dispersed properties with externally resourced re-provision on a one-for-one basis. There is currently no plans or financial viability to go beyond March

2028, so NCH RP would not be able to agree to a five-year lease term unless there were adequate break clauses.

4.3 Risk Implications

4.3.1 It would not be feasible to set occupation charges at a sufficient level to cover any potential capital repairs should they present – lift replacement, large scale roofing or window works for example. These would present an unacceptable risk to NCH RP viability.

4.4 HR Implications

4.4.1 If NCH RP submits a bid and is awarded the lease and contract, there would be a requirement for NCC to increase the Temporary Accommodation team by at least 3 staff and provide security and concierge services outside office hours.

5 IMPLICATIONS FOR NOTTINGHAM CITY HOMES REGISTER PROVIDER OBJECTIVES

5.1 If awarded to NCH RP, the Sutton House contract could adversely affect the key objectives of providing excellent quality, affordable homes to rent and accommodate those in housing need due to the potential financial risks that may present.

6 EQUALITY AND DIVERSITY IMPLICATIONS

6.1 Has the equality impact of these proposals been assessed?

No, this report does not contain proposals which require an EIA.

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

7.1 None.

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Date: 28 August 2024