



2.3 Registered Provider Q2 Monitoring Report

Date: 14th November 2022

Contents

Q2 Finance Monitoring	3
Q2 Performance Monitoring	8
Q2 NCH RP Stock Compliance Dashboard Monitoring	16

Q2 Monitoring Report



Finance Monitoring

Income and Expenditure

Nottingham City Homes Registered Provider (NCHRP) management accounts show a surplus of £129k at the end of Quarter 2 (Qr2), which shows a positive variance of £97k against the profiled budget to the end of Qr2 £63k. The full year budget is a surplus of £257k and the full year forecast has been increased to anticipate an improved surplus position of £369k. A summary of the financial position at the end of Qr2 together with the updated budget and latest forecast outturn for the financial year is shown in [Appendix 1](#).

Budgets for rental income include assumptions in relation to lost rent through voids. The improved position has arisen mainly as void periods in QRs1&2 have been less than assumed in budget for homes leased to provide accommodation for Homeless Families. Expenditure is also shown as having a positive variance against budget. The largest underspend is in relation to property driven by a lower number of new Private Sector Landlord (PSL) and service leases being added this year so far than assumed in the budget.

The forecast surplus has been increased to reflect the achievement of surplus to date and the assumption that a surplus in excess of budget will continue during the rest of the financial year, albeit at a reduced level. This reflects caution over the levels of potential bad debt and annual increases to the lease costs for homes not owned by the RP. The impact of PSL and service leases being less than budget is reflected in forecast but partly offset by the additional lease from NCH (21 homes in Midland House).

The level of tenancy turnover so far during the year, void rates and void periods will be reviewed in Qr3 against the budget to establish if the forecast outturn position will need to be adjusted and reported back to NCHRP Board.

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

Capital & Leases

NCH RP currently owns land and 39 homes at a cost of just under £5 million. At the end of the Qr2, 372 homes were leased by NCH RP and this is forecast to rise to 405 by the year-end. Approval is in place for leased properties to increase further where demand supports this. These figures are shown in the Capital and Leases summary in [Appendix 3](#), with colour coding used to show how these assets relate to the activities included in [Appendix 2](#). No capital works have been identified or completion in relation to the 31 homes owned by NCHRP in QR2.

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

Q2 Monitoring Report

Loan Period (Yrs)	PWLB Rate	NCC Rate	Martins Reach	Church Square
30	4.80%	5.20%		
40	4.72%	5.12%		
50	4.53%	4.93%	3.35%	3.21%

At current PWLB levels interest, borrowing available from NCC is likely to impact on the financial viability of future proposals for investment in land and buildings and development schemes which would increase NCHRP's housing stock. Rates have risen from those reported at QR1 by between 0.7% (30 years) and 0.5% (50 years).

Financial, Legal & Risk Implications

The cumulative surplus position since NCHRP commenced trading provided reserves of £306k at the end of the 2021/22 financial year. The delivery of a surplus in line with that forecast in 2022/23 will increase NCHRP reserves to £675k by the financial year-end.

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

The current risks in relation to the Company's 2022/23 financial position are:

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

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

Medium Term Financial Plan

A Medium Term Financial Plan (MTFP) which sets out the estimated income, expenditure and surplus for NCHRP over the next 5 years, is summarised in the table below:

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

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

- Helix project ends in 2022/23.
- Leases for Fairham & Midlands House continue across the plan i.e. are extended in 2024.
- PSL & serviced leases are increased by 10% in 2023/24 falling to 7% in 2026/27.
- Rent increases for NCHRP owned homes are capped at 5% by Government.

Q2 Monitoring Report

- Other rents are increased annually to maintain the current surplus (as a percentage of income) and increase to 4% at the end of the plan.

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

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

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

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

- Absence of relevant assurances from NCC as to how services to NCHRP tenants will be delivered on behalf of the Company from 1 April 2023 onwards.
- Potential for employees who provide services to NCHRP tenants to be retained within the NCH Group rather than transferring back to the Council.
- Capacity to / feasibility of increasing rents to cover irrecoverable VAT costs anticipated to arise within NCHRP if services to NCHRP tenants are not delivered from within the NCH Group i.e. are provided by NCC.

These are explained in more detail in the Transition Update Board agenda item.

Q2 Monitoring Report



Appendix 1

NCH RP - Income & Expenditure

Quarter 2

2022/23

	BUDGET Year To Date	ACTUAL Year To Date	VARIANCE Year To Date	BUDGET Full Year	FORECAST Full year	VARIANCE Full Year
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rental Income	3,668	3,730	(62)	7,336	7,425	(88)
Other	22	22	0	44	44	0
Total	3,690	3,752	(62)	7,380	7,469	(88)
Less :						
Expenditure						
Management (SLA)	1,109	1,119	10	2,218	2,221	3
Lease, Repairs & Property	2,159	2,077	(83)	4,318	4,244	(75)
Loan Interest	64	64	0	128	128	0
Other Costs	229	267	38	459	507	49
Total	3,561	3,526	(35)	7,123	7,100	(23)
(Surplus)	(129)	(226)	(97)	(257)	(369)	(112)

Q2 Monitoring Report



Appendix 2

NCH RP - Forecast

2022/23

	SOCIAL HOUSING	MOVE-ON	HOMELESS FAMILIES	PSLs & SERVICE LEASES	HIGHWOOD HOUSE	TOTAL
HOMES	31	8	206	166	29	440
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rental Income	201	99	3,240	3,305	580	7,425
Other	6	8	-	-	30	44
Total	207	107	3,240	3,305	610	7,469
Less :						
Expenditure						
Management (SLA)	11	6	1,332	569	293	2,210
Lease, Repairs & Property	81	42	1,515	2,332	296	4,265
Loan Interest	106	22	-	-	-	128
Other Costs	4	23	127	195	24	372
Total	202	93	2,974	3,096	612	6,976
Central Costs						124
(Surplus)	(6)	(14)	(267)	(209)	2	(369)



Appendix 3

Capital and Leases

NCHRP Owned	Quarter 2		Forecast Homes	Financing: *	
	Homes	£'000		Loan £'000	Grant & Reserves
Church Square	17	2,673	17	2,163	510
Martin's Reach	14	1,140	14	1,092	48
Move On Accommodation	8	1,158	8	731	427
Total Owned	39	4,971	39	3,986	985
Managed under leases					
NCH & NCHL	206		206		
Private Sector Landlords & Serviced leases	151		166		
NCC - Highwood House	29		29		
Total Leased	386		401		
TOTAL HOMES	425		440		

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

Q2 Monitoring Report



Q2 Performance Monitoring

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

This report shows performance for the year up to June 2022.

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

NCHRP has 390 properties that are used for the provision of housing and has management oversight for a further 120 NCH Ltd Social Rent properties. This total can be broken down into three very different types of property – 50 permanent homes, 340 temporary homes and 120 NCH social rent properties.

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

Most of the measures are above target.

Data in the report includes:

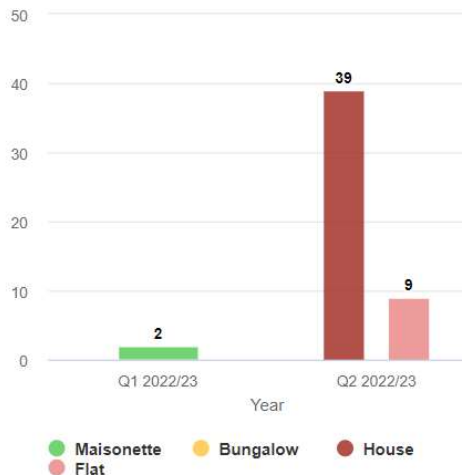
- Stock
- Complaints
- Rent Collection
- Re-let and empty property data

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

Q2 Monitoring Report

Registered Provider Board (permanent homes) Performance Dashboard Q2 2022-23

Housing Stock (permanent homes)

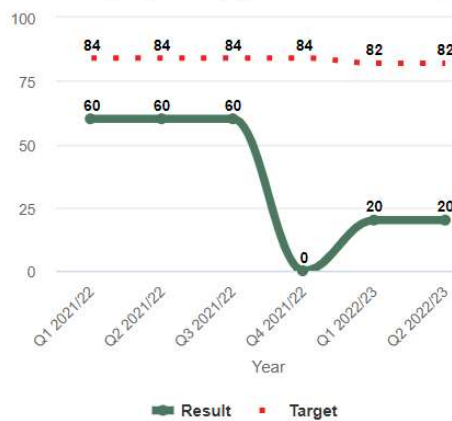


Benchmarking: No benchmarking figure



Meeting target, performance is worse than 2021/22

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



Complaint volumes continue to reduce due to greater focus on ensuring early intervention and proactive approach in handling customers dissatisfaction and issues before the need for a formal complaint to be logged.



Benchmarking: Bottom quartile performance



Not meeting target, performance is worse than 2021/22

Percentage of rent collected (permanent homes)



The % of rent collected stands at 93.2% which is an improved position of 1.75% on the previous quarter and by 1.1% when compared to the same period last year.

A large number of our customers are struggling financially with the cost-of-living crisis, we are seeing an increase in the number of people who are advising us they cannot pay or their employment situation has changed (i.e. reduced hours)

These properties have a higher rent charge and are charged on a calendar monthly basis.

Q2 Monitoring Report

The average monthly charge for these properties is £641 per calendar month with the highest charge at over a £1000 Per Month. Because of the timings of the Housing Benefit cycles which pay every 4 weeks, we will receive 13 payments through a 12 month period.

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

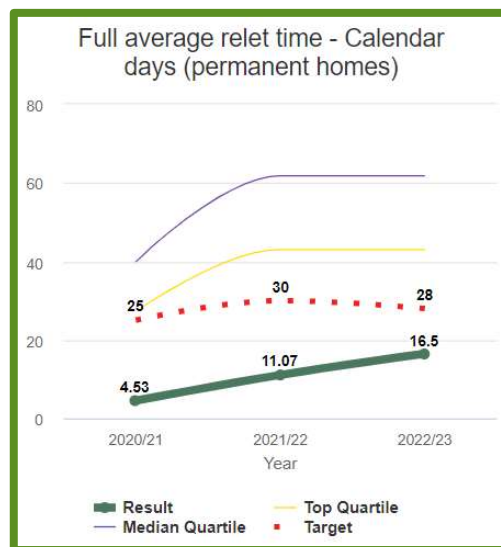
The rent would be charged at the beginning of the month and for those residents who do not receive Housing Benefit records suggest that they would be paying towards the end of the month, not in advance.



Benchmarking: Top quartile performance



Meeting target, performance is worse than 2021/22



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

Robust performance management is in place with daily dialogue between all team members to ensure homes are let as swiftly as possible.

2 RP permanent home have been let in the first 2 quarters of 2022/23 with an average turnaround of 16.5 days.

There were no RP permanent voids at the end of quarter 2.

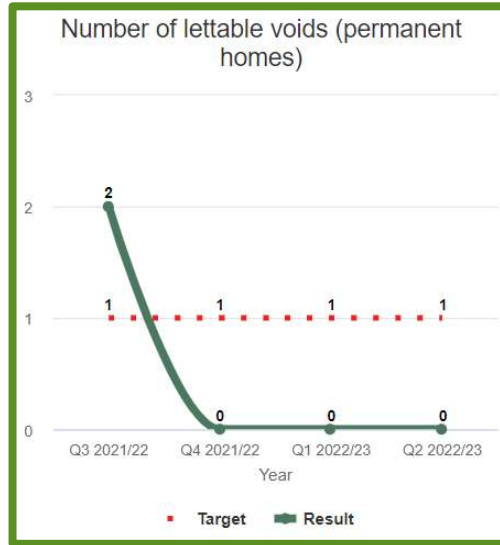
Q2 Monitoring Report



Benchmarking: No benchmarking figure



Not meeting target, performance is worse than 2021/22



There were no RP permanent voids at the end of quarter 2.



Meeting target, performance is better than 2021/22



Benchmarking: Top quartile performance



Meeting target, performance is worse than 2021/22



Benchmarking: Upper median performance



Not meeting target, performance is worse than 2021/22



Benchmarking: Lower median performance



Not meeting target, performance is better than 2021/22



Benchmarking: Bottom quartile performance



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



Benchmarking: No benchmarking figure

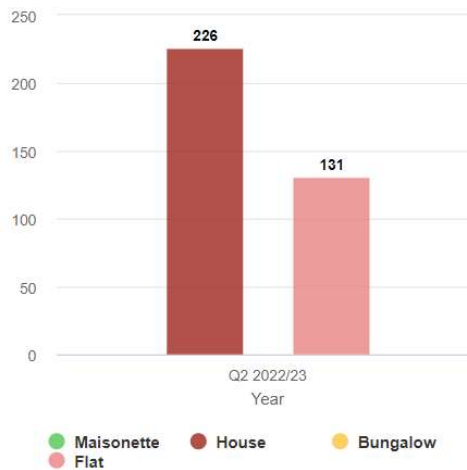
Performance has met target

Performance is below target

Q2 Monitoring Report

Registered Provider Board (temporary homes) Performance Dashboard Q2 2022-23

Housing Stock (temporary homes)



Benchmarking: No benchmarking figure



Meeting target, performance is better than 2021/22

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



Performance continues to be strong with reduction in volume of complaints being logged. This is due to greater emphasis on early intervention and being pro active to early resolution in customers dissatisfaction.

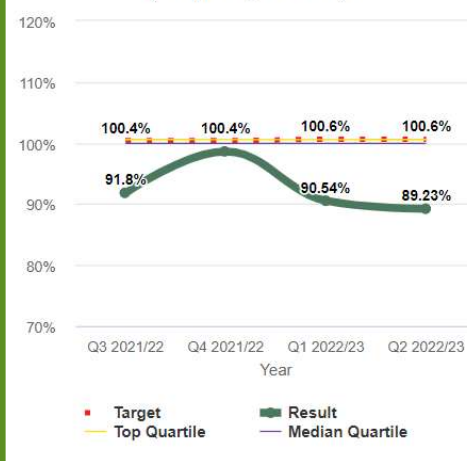


Benchmarking: Bottom quartile performance



Not meeting target, performance is worse than 2021/22

Percentage of rent collected (temporary homes)



Rent collection within Temporary Accommodation is affected by the 4 weekly cycle of Housing Benefit payments and this does impact on performance figures. There have been 26 weeks rent charged year to date but only 24 weeks Housing Benefit received and this impacts on overall collection. Performance will correct itself over the year with Housing Benefit payments matching rent charges. Compared to the same period last year, rent collection is very similar.

Due to the nature of temporary accommodation, we have a high

Q2 Monitoring Report

turnover and so have many new applicants for Housing Benefit who are waiting for payments to begin, and this does impact on rent collection. The 21 new flats at Midland House had a positive impact on supply during the quarter, but these also led to an influx of new claims waiting to be processed.

The team work hard to ensure that Housing Benefit is in payment and new claims are submitted promptly. We have developed a good working relationship with the Senior Housing Benefit Officer so we can resolve any issues promptly, although their team were impacted by a temporary reduction in staff for this quarter.

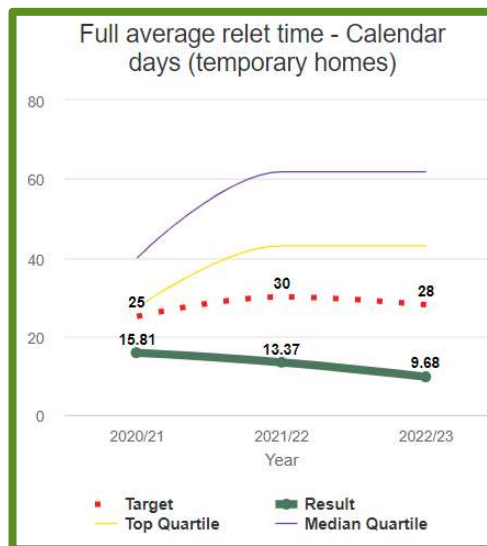
There is also a service charge element which needs collecting, and our management team have weekly meetings with the aim of having a positive impact on the rent arrears for each resident. This has resulted in a reduction in cases with arrears over 8 weeks.



Benchmarking: Top quartile performance



Meeting target, performance is better than 2021/22



This calculation is for temporary accommodation across the city, including serviced leased accommodation. 170 temporary accommodation homes have been in the first two quarters of 2022/23, in an average of 9.68 days. Robust performance management is in place with daily dialogue between the Temporary Accommodation Team, Housing Aid and Voids to ensure homes are let as swiftly as possible.

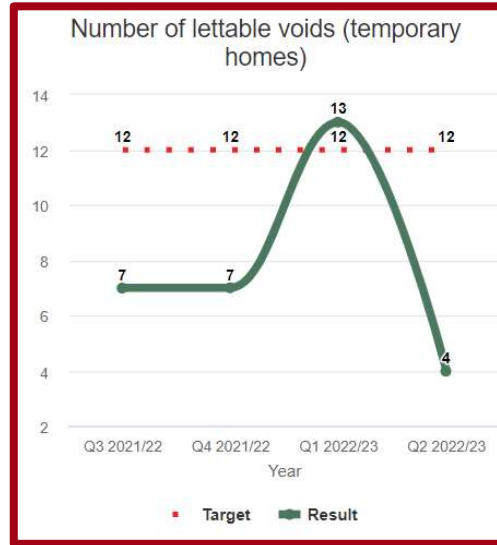
Q2 Monitoring Report



Benchmarking: No benchmarking figure



Not meeting target, performance is worse than 2021/22



Meeting target, performance is better than 2021/22



Benchmarking: Top quartile performance



Meeting target, performance is worse than 2021/22



Benchmarking: Upper median performance



Not meeting target, performance is worse than 2021/22



Benchmarking: Lower median performance



Not meeting target, performance is better than 2021/22



Benchmarking: Bottom quartile performance



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



Benchmarking: No benchmarking figure

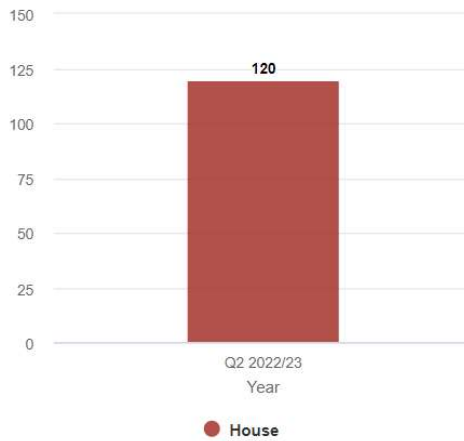
Performance has met target

Performance is below target

Q2 Monitoring Report

Registered Provider Board (NCH social rent properties) Performance Dashboard Q2 2022-23

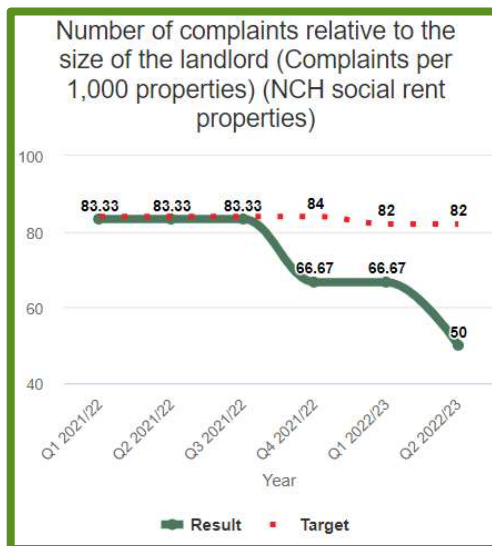
Housing Stock (NCH social rent properties)



Benchmarking: No benchmarking figure



Meeting target, performance is better than 2021/22



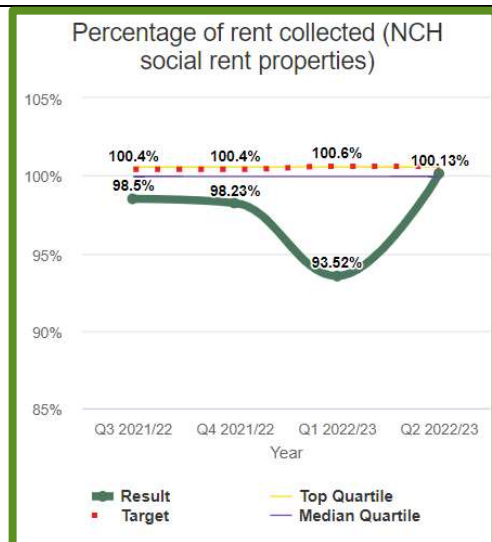
Performance remains strong due to continued emphasis and approach in seeking early resolution and intervention when presented with customer dissatisfaction/ issues, resulting in fewer complaints being logged.



Benchmarking: Upper median performance



Not meeting target, performance is better than 2021/22



The team have achieved over 100% collection for this quarter and is showing an improvement when compared to the same period last year.

The operating environment continues to be challenging with a number of our residents facing financial difficulties. The well-publicised increase in the cost of living and energy costs is having a detrimental impact on our residents' finances and their ability to pay any shortfalls in rent payments.

We continue to see an increase in the number of residents claiming UC, as

Q2 Monitoring Report

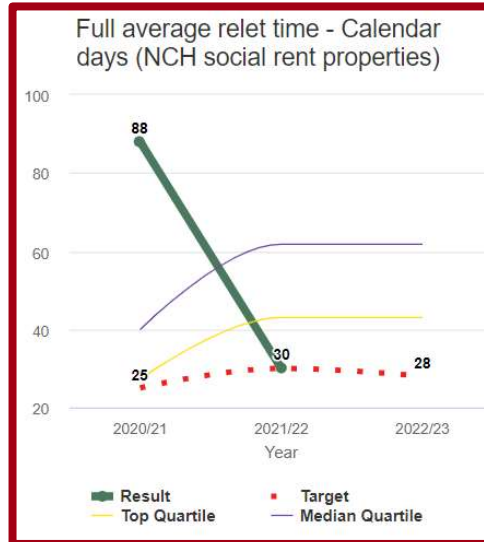
part of the DWP plans to progress migrating residents with legacy benefits onto UC the number of claimant's will increase as will their financial challenges.



Benchmarking: Top quartile performance



Meeting target, performance is better than 2021/22



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



Benchmarking: No benchmarking figure



Not meeting target, performance is worse than 2021/22



Meeting target, performance is better than 2021/22



Benchmarking: Top quartile performance



Meeting target, performance is worse than 2021/22



Benchmarking: Upper median performance



Not meeting target, performance is worse than 2021/22



Benchmarking: Lower median performance



Not meeting target, performance is better than 2021/22



Benchmarking: Bottom quartile performance



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



Benchmarking: No benchmarking figure

Performance has met target

Performance is below target

Q2 Monitoring Report

Q2 NCH Stock Compliance Dashboard Monitoring

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

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

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

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

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

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

Q2 Monitoring Report



Qtr 2 Group Compliance Dashboard



Compliance Area	Number of Properties Affected	Number Complying	Percentage Compliance	Percentage Compliance last reported	Trend since previous report	Servicing Frequency	Responsible	Comments
GAS								
Gas Safety Domestic	23,890	23,890	100.000%	100.00%	↔	Annually	Mechanical and Electrical Team	
ELECTRICAL								
Electrical Installation Condition Report (EICR)	25,916	25,757	99.39%	99.34%	↑	5 Yearly	Technical Services Team	ALMO - We are currently running at 99.37% compliance, with 158 EICRs remaining with an inspection date greater than five years. This is a reduction of 13 since the last quarter. MR- One property is outstanding due to no access. However, this has since been accessed and we are now 100% compliant
FIRE SAFETY								
Fire Risk Assessments	314	314	100.00%	100.00%	↔	Yearly	Building Safety Team	
High Risk Actions (Overdue)	0	0	100.00%	100.00%	↔	N/A	Building Safety Team	
ASBESTOS								
Inspections of Communal Areas with Asbestos	261	261	100.00%	100.00%	↔	Annually	Building Safety Team	
WATER HYGIENE								
L8 Risk Assessments	138	137	99.28%	99.61%	↓	Biennial	Technical Services Team	Awaiting certificate from Development for Midland House
LIFTS								
Passenger Lifts	58	58	100.00%	100.00%	↔	Monthly	Technical Services Team	
LOLER Inspections	58	58	100.00%	98.25%	↑	Monthly	Technical Services Team	
Smoke and CO Detectors								
Smoke Alarms fitted	25,792	25,757	99.86%	N/A	↔	Monthly	Mechanical and Electrical Team	
CO Detectors fitted	23,934	10,588	44.24%	N/A	↔	Monthly	Mechanical and Electrical Team	