



Business Plan 2024/25 Position Statement

Context

Nottingham City Homes Registered Provider (NCH RP) is the registered provider subsidiary (registration number 4862) of Nottingham City Homes (NCH) Limited. Together, Nottingham City Homes Limited, Nottingham City Homes Enterprise Limited (NCH EL) and Nottingham City Homes Registered Provider Limited form the Nottingham City Homes Group.

NCH RP is focused on delivering a quality housing service to its existing tenants and supported housing for citizens with care, support and supervision needs in housing crisis and from Women's Aid refuges. All permanent homes for social and affordable rent are allocated from the NCC common Housing Register.

NCH RP contracts with Nottingham City Council (NCC) to deliver temporary accommodation services through their framework contract. Under this framework, NCH RP delivers over 400 units of temporary accommodation for local families, which represents around 60% of all temporary accommodation provision in the City.

The NCH Group, including NCH RP, has a service contract with NCC to deliver management, maintenance and corporate services on its behalf, to keep its tenants and licensees safe, provide good services and maintain homes to a good standard.

Objectives and Purpose

NCH RP's strategic housing objectives are to provide good quality, affordable rented housing for local people, to help to reduce homelessness and meet specialist housing needs in the City of Nottingham.

Nottingham has a significant shortfall in affordable housing and high demand. There are over 10,000 households on the Council's Housing Register. The rise in private sector rents, the lack of affordable homes and home ownership costs have considerably increased the number of families and citizens presenting to the Council as homeless.

Whilst NCH RP was originally constituted to build new social housing in Nottingham, that has not been possible in recent years. Responding to this changed environment, NCH RP has directed resources to the expanding need to assist homeless families and citizens presenting to the Council in housing crisis. NCH RP has significantly extended its provision of supported temporary accommodation provision and services, supporting residents at the point of crisis, sheltering and helping them to find a permanent home and break the cycle of homelessness.

NCH RP Priorities

- ❖ To continue to manage our existing homes well, delivering our Tenants Charter and commitments under the Regulator of Social Housing's new Consumer Standards to provide effective housing services.
- ❖ To continue to provide support and assistance to people who are in housing crisis - ensuring temporary accommodation is decent, sustainable, meets their needs and they are assisted in securing a permanent home and preventing repeat homelessness.
- ❖ To be a well governed and financially stable organisation.

Governance

The NCH RP Board provides for six members, three independent and three NCH nominated members. There are currently three Board members in post. NCH RP will need to appoint additional Board members to increase resilience and to meet the current skills gaps in finance and property management.

The governance structures of the NCH group provide for effective communication between respective Boards, including briefing updates from Board members who sit on both the NCH RP and NCH Main Boards.

An NCH RP Board member sits on the NCH Group Audit, Risk and Compliance Committee (ARCC) ensuring that NCH RP requirements flow between the RP Board and ARCC, although this post is currently vacant. This committee independently assures the Board that effective internal financial control and risk management systems are maintained and reviewed, and that the company's financial performance is being effectively managed.

A review of the Governance arrangements for NCH Group and NCH RP will take place in July / August 2024.

NCH RP homes and temporary accommodation portfolio

The current NCH RP property portfolio comprises of;

- ❖ 31 Affordable and Social rent, general needs homes let on assured and assured shorthold tenancies
- ❖ 8 Move-On Affordable rent homes with support for women and their families that have experienced domestic or sexual violence and abuse - delivered in conjunction with local Women's Aid Refuge partners and let on assured shorthold tenancies.
- ❖ 10 Affordable rent homes, leased from NCH Limited, with wrap around support, let under the Housing First initiative to homeless rough sleepers, let on assured and assured shorthold tenancies
- ❖ 425 Leased and licensed homes for supported temporary accommodation for families in housing crisis, let on Daily Excluded Licences;
 - 150 dispersed houses leased from NCH Limited
 - 21 flats leased from NCH Limited
 - 24 flats leased from NCH EL
 - 29 flats leased from NCC
 - 25 houses leased through our Private Sector Leasing scheme
 - 55 flats leased from a corporate landlord
 - 121 houses and flats taken from corporate landlords on a licenced arrangement
 - The lease expiry dates vary between August 2024 and June 2027 (break clauses apply), not including the 121 that are on a licence basis only. All properties are within the Nottingham city boundary.

Current Operational Position

Following the transfer of Council housing management back to NCC, NCH RP has continued to trade to ensure services are delivered to its tenants and licensees.

All former NCH staff transferred to NCC under TUPE on the 31 March 2023. All housing management, maintenance and corporate services are now delivered to the NCH Group by NCC under a Service Contract. NCH RP is working with NCC to ensure services meet the Regulator of Housing's new Consumer Standards.

Some specialist services are delivered for and on behalf of NCH RP by other expert partners under Service Level Agreements – Women's Aid Refuges for example.

NCH has appointed an interim Chief Operating Officer (February 2024–February 2025) to lead and coordinate the NCH Group. In conjunction with NCC, the sole shareholder of NCH Limited, decisions will be made during 2024/25 to determine whether there is a sustainable future for NCH Limited and NCH RP, or whether a controlled exit strategy is required.

Financial Sustainability

The estimated valuation of the 39 NCHRP owned assets is £8,896k with outstanding debt due to NCC of £3,932k. 25 of the homes were built or acquired with the assistance of Homes England grant. The remaining 14 were Section 106 acquisitions.

31 of the NCH RP owned assets are new homes, built within the last 6 years. These will need a 30 year planned maintenance programme, but initial investment is thought to be low. The remaining 8 homes are primarily Edwardian terraces and will need investment to meet future Decent Homes standards and EPC C, together with general maintenance and replacement befitting their age. A full stock condition and HHSRS survey is being undertaken in the first half of 2024/25.

All NCH RP temporary accommodation provision is leased or licenced from a range of sources and any leases are on a short-term basis. Almost half of this provision is leased from the other parts of the NCH Group; 150 dispersed homes, 21 flats at Midland House, 24 flats at Fairham House.

Financial modelling and analysis have been undertaken on all owned assets within the NCH Group, including the 39 homes owned by NCH RP, to assess the group as an on-going concern. The initial modelling has been undertaken using a sample of the older group stock (90 NCH dispersed properties) and archetype data for the newer homes.

The NCH Group commissioned DTP to undertake an assessment using the Brix financial modelling tool to determine whether a sustainable 30-year business plan based on income, stock condition, investment needs, asset and loan values could be delivered across the Group.

As a combined trading group, annual turnover is circa £10.9m (£9.9m of which is NCH RP), delivering an operating surplus, before tax, of circa £300k (again, most in NCH RP). NCH RP cannot subsidise its non-registered parent, NCH. However, the operating surplus does not include the costs of financing the required planned maintenance programme and delivering EPC C. The combined effect of these costs will leave the Group with an annual cash outflow deficit of between £500k and £1m per annum. The model calculates the cost over 30 years, but the requirement for EPC C by 2030 accelerates the investment required, adversely

impacting on the cash position. No allowance has been made for achieving carbon neutrality in these figures - deemed impossible to achieve in the older properties (150 NCH dispersed and 8 NCH RP Move-On homes) - or to meet and maintain the future Decent Homes standard.

Whilst NCH RP currently makes a trading surplus and should be able to deliver a sustainable planned maintenance programme for its owned assets, the costs of this have yet to be disentangled from the Group assessment and is subject to the results of the stock condition surveys being completed. However, NCH RP is highly reliant on other NCH Group assets and sharing of overhead costs incurred in the NCC/ NCH Service Contract. The NCC Service Contract cost could be challenged in 2024/25 but is unlikely to see a significant reduction. An open tendering exercise for management, maintenance and corporate services is not feasible at this stage.

The majority of NCH RP turnover and projected surpluses are generated by the provision of temporary accommodation to house families that have presented to NCC in housing need. A strategic discussion is required with NCC to determine the nature and quantum of future temporary accommodation, together with commissioning expectations of the NCC Homelessness & Rough Sleeper's Strategy. Any changes to the terms and conditions offered by NCC in their framework contract for Homeless Accommodation Services will need to be fully assessed in relation to on-going NCH RP provision.

Further modelling will improve the clarity of viability options for NCH Limited and NCH RP considering analysis of risk and legislative requirements, including but not limited to, the Supported Housing (Regulatory) Act 2023 and DWP Benefit Regulations in relation to supported exempt accommodation.

Cash-flow projections are being produced for NCH RP and other entities in the NCH Group. These will enable the Board to determine the financial viability of the options presented for NCH RP as well as how the decisions of the other NCH Group entities will affect NCH RP.

The 2024/25 NCH RP budget is summarised as follows;

NCH RP 2024/25 BUDGET SUMMARY	£000
Rental and Commissioned Income	(9,987)
Property costs	6,458
Staff/ Services costs	1,876
Furniture, flooring, appliances costs	257
Corporate Services costs and overheads	513
VAT and Corporation Tax	723
Budget surplus	(160)

Lease and Licence agreements

Whilst options are being assessed, NCH RP will keep lease agreements to a minimal term to mitigate any future financial liability.

- ❖ No lease end date is later than 31 March 2025 for individual private sector leases and from NCTA Limited.
- ❖ Leases for 100 dispersed homes (from NCH Limited) are due to expire in August 2024 and approval will be sought to extend to 31 March 2025.
- ❖ Leases for Fairham House (from NCH Enterprise Limited) and Midland House (from NCH Limited) have both been extended to December 2024.

- ❖ The lease for Highwood House (from NCC) expires in June 2025.
- ❖ The lease for the remaining 50 dispersed homes expires in June 2027 but contains a break clause allowing for the lease to be terminated at the anniversary (1 July) on 2 months' prior notice.
- ❖ Licence agreements and Tenancies At Will can be terminated with minimal notice at any time.

NCH is seeking permission from NCC to dispose of Midland House and Fairham House to contribute to the HRA debt. NCH RP can increase the number of externally sourced licenced properties to cover the losses of Midland House and Fairham House and maintain contracted numbers. This has not yet been agreed by NCC.

Regulatory Requirements

All Registered Providers of social housing are required to comply with the provisions of the Social Housing (Regulation) Act 2023 which sets out a new, proactive consumer regulation regime, refines the existing economic regulatory regime and strengthens the powers of the Regulator of Social Housing to enforce the consumer and economic standards.

NCH RP will ensure it works towards meeting the requirements of the Social Housing (Regulation) Act 2023 and the Supported Housing (Regulatory Oversight) Act 2023 in conjunction with NCC through the NCC/ NCH Service Contract. Any breaches of the required standards will be notified to the Regulator in accordance with the self-regulation requirements.

Whilst we recognise that NCH RP is a small provider with under 50 assured tenants, their voice is critical to understanding their needs and aspirations and shaping our services to meet them. We will therefore:

- ❖ Ensure all tenants are surveyed in line with Tenant Satisfaction Measures requirements.
- ❖ Publish the results of these measures to tenants and the Regulator and detail what we are doing to address areas of dissatisfaction.
- ❖ Find other ways for tenants to have opportunities to influence and be more involved in developing NCH RP strategies, policies, and service delivery.
- ❖ Adopt, as far as is feasible, the TPAS National Tenant Engagement Standards.
- ❖ Provide more opportunities for licensees in temporary accommodation to provide feedback on the services provided to them so we can improve.
- ❖ Review compliance against the Regulator of Social Housing Standards in conjunction with NCC.

All assured tenants were independently surveyed on the Tenant Satisfaction Measures in March 2024. Overall satisfaction was 62%, with individual satisfaction scores ranging between 50% (Complaints handling, approach to ASB & neighbourhood contribution) and 75% (Treated fairly and with respect, Communal areas).

We are analysing and following up on individual tenant responses to resolve presenting issues and to learn how to better deliver services. Of the 19% dissatisfied and 10% very dissatisfied, complaints handling and the time taken to complete repairs score the highest. We will work with NCC to drive improvements in these areas that are of the highest importance to our tenants.

Managing Risks

Any business activity involves risk, but the risks we take are based on sound information and considered decisions. We identify, evaluate and manage risks, ensuring that we can achieve our business objectives to have a positive impact on our customers and the services they receive. To do this, we will;

- ❖ Ensure our governance meets the needs of the business, including Board recruitment and training.
- ❖ Always act in the best interests of NCH RP, even if that conflicts with the wishes of NCH Limited or NCC.
- ❖ Carefully assess the on-going financial viability of NCH RP within the NCH Group.
- ❖ Work with NCC to improve services to tenants and licensees delivered through the Service Contract, monitoring performance against targets, safeguarding residents and learning from tenant feedback.
- ❖ Respond to regulatory and legislative requirements and customer needs in conjunction with NCC Housing Services.
- ❖ Undertake a full stock condition and HHSRS survey to ensure our homes are safe and plan future maintenance requirements.

Next Steps/ Plans for 2024/25

Whilst viability options are explored, it is critical for NCH RP to continue to deliver on its strategic operational objectives; keeping tenants and licensees safe, delivering effective value-for-money services, improving satisfaction, Regulatory Standard compliance and maintaining temporary accommodation provision in line with the NCC framework contract. The Board will need to appoint additional Board members for resilience and to meet the current skills gaps in finance and property management.

The medium to long term options for NCH RP (and NCH Limited) are being determined with NCC, following their approval of the NCH Limited Business Plan by the NCC Companies Governance Executive Committee. For NCH RP these are broadly as follows;

- ❖ NCH RP continues to trade, but with a likely reduced turnover and surplus due to the expected loss of temporary accommodation properties leased from NCH Limited. If NCH Limited ceases to trade, the on-going governance of NCH RP will need to be determined and the overhead burden established. Or
- ❖ NCH RP disposes of its 39 owned assets to NCC or a Private Registered Provider of Housing and attempts to transfer its temporary accommodation provision to another Registered Provider of Social Housing (or more than one), then closes down and de-registers as a Registered Provider of Social Housing.

NCH RP will ensure that the Regulator of Social Housing and tenants are consulted, are reassured and kept informed throughout on any proposed changes.

24 June 2024