

BUDGET PREPARATION FRAMEWORK 2004/5 – 2007/8

Report of the Assistant Director & Company Secretary

SUMMARY OF REPORT

1. This report tables the budget preparation framework for 2004/5 – 2007/8.

RECOMMENDATION

- 2.1 To note the report and appendices.
- 2.2 To approve the budget framework for 2004/5 – 2007/8.

MATTER FOR CONSIDERATION

- 3.1 Council Cabinet agreed the Housing Revenue Account budget for 2003/4 and provisional budget to 2007/8 at its meeting on 5 August 2003.
- 3.2 The report laid out indicative management fee for 2004/5 – 2007/8 to be paid to Derby Homes from the Housing Revenue Account. This is shown in Appendix 1.
- 3.3 The key points to note concerning the indicative fee proposals are:

	Over the period £'000
• It is increased by general price inflation and previously approved charges	1,597
• It has reductions built in relating to RTB sales	(974)
• It has increases built in for increased superannuation charges from 2004/5	843

Indicative fee changes 2004/5 – 2007/8	1,466
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3.4 In addition, Derby Homes needs to consider other income streams for 2004/5-2007/8 such as:

	2003/4 £'000
• Council Tax and other debt collection for Derby City Council	114
• Capitalised salaries – Homes Pride Programme	807
• Supporting People income	
▪ Wardens	1,450
▪ Tenancy Support	573
• Grant and miscellaneous income	241
• Income from the management of housing association and private landlord properties	-
• Income from the provision of additional services to council tenants	-
	<hr/> 3,185

These income streams are outside the Housing Revenue Account. Indicative income levels for 2004/5-2007/8 will be estimated during the budget setting process.

3.5 The costs of the organisation have to be met from the income streams identified in 3.3 and 3.4 above.

3.6 Appendix 2 sets out the principles that will be applied during the budget setting process.

3.7 It is intended to introduce a budget process throughout the organisation to include all employees with responsibility for budget spending. An illustrative example of a potential hierarchy is included in Appendix 3.

3.8 To support the process a finance model has been commissioned from HACAS Chapman Hendy, that builds on the model used for monitoring expenditure throughout the organisation.

3.9 It is intended that budget holders will be responsible for completing a Budget Preparation Document similar to the example shown in Appendix 4. They will be supported in this process by members of the Accountancy Team.

3.10 The timetable for this process is as follows:

Report to Board for approval of framework	28 August 2003
Implementation of budget preparation model	31 August 2003
Budget preparation by budget holders supported by Accountancy Team	September / October 2003
Consolidation of proposals and submission to 3 rd and 4 th management tier	November 2003
Final consolidation of proposals by 3 rd tier managers to be presented to scrutiny panel consisting of Resources Committee, Director and Assistant Directors (2 or 3 sessions may be necessary)	w/c 1 December 2003 w/c 8 December 2003 w/c 15 December 2003
<p>Consultation events:</p> <p>Tenants:</p> <ul style="list-style-type: none"> Local Housing Board (North) Local Housing Board (South) City Housing Consultation Group <p>Trade unions</p> <p>Derby City Council</p> <p>Directors of Finance and Policy</p> <p>Employees</p>	<p>19 February 2004</p> <p>26 February 2004</p> <p>To be confirmed</p> <p>29 January 2004</p> <p>27 January 2004</p> <p>27 January 2004</p> <p>11 February 2004</p>
Submission to Resources Committee draft detailed operating budget for 2004/5 and outline budgets for 2007/8	25 March 2004
Board approval	29 April 2004

CONSULTATION IMPLICATIONS

4. As indicated in the above timetable.

FINANCIAL AND BUSINESS PLAN IMPLICATIONS

5. The budget process will support the objectives of the Business Plan and Best Value Review improvement plans for Housing Management and Support Services.

LEGAL AND CONFIDENTIALITY IMPLICATIONS

6. None.

PERSONNEL IMPLICATIONS

7. None.

ENVIRONMENTAL IMPLICATIONS

8. None.

EQUALITIES IMPLICATIONS

9. None.

Contact Officer

Lorraine Watson, Assistant Director & Company Secretary, Telephone 01332 711014, Email lorraine.watson@derby.gov.uk