

## **REVISED MAINTENANCE BUDGET 2011/12**

Report of the Director of Investment & Regeneration

### **1. SUMMARY**

This report sets out the revised budget for the maintenance team for 2011/12 following the HRA budget being set at a higher level by the Council, and the restructuring of the maintenance team.

### **2. RECOMMENDATION**

- 2.1 To note the report and appendices.
- 2.2 To approve the revised maintenance budget for 2011/12.

### **3. MATTER FOR CONSIDERATION**

- 3.1 In January 2011 the Board approved the operating budget for 2011/12. However since then, the HRA budget has been set by the Council at a higher level, resulting in an additional £740,000 of maintenance fee income. The additional maintenance fee income consisted of £465,000 for inflation and growth, £185,000 to compensate for a corresponding reduction in capitalised salary income, and £90,000 to fund minor welfare adaptations. This also coincided with a need to restructure the costs centres within the maintenance team to reflect more accurately the operational needs.
- 3.2 Appendix 1 shows a summary of the budget approved by the Board in January 2011, together with the proposed budget. The increase/decrease in budget is also shown.
- 3.3 An overall summary of the changes to the maintenance fee budget is as follows:

(Approved maintenance fee £10,993k (revised maintenance fee £11,933k))

	Change £'000
Day to day	181
Voids	382
Electrical testing	15
Gas servicing & repairs	227
London Road	(184)

Facilities management	259
Specialist work	306
Planned work	(410)
Estates maintenance	2
Contingency	(36)
Total additional budget	741

### 3.4 **Day to day - Approved budget £4,119k Revised budget £4,300k**

The budget for day to day repairs has been increased by 4%. This is in line with the increased number of jobs raised in 2010/11, which increased by 7% on 2009/10, and the increase number of emergency jobs, which also showed an increase of 6% for the same periods.

### 3.5 **Voids - Approved budget £2,038k Revised budget £2,420k**

Voids have a budget increase of £380,000. £70,000 of which is to fund gas servicing on void property, which was previously part of the gas budget. The balance of the budget increase shows a 15% increase. This is to fund the significant increase in numbers of Void properties which occurred during the first quarter of this financial year, which shows a 30% increase in number of void properties. The Void and Allocations managers are working together to ensure that all void properties meet the lettable standards and that the spend meets value for money criteria. Work continues on streamlining processes to ensure good customer service and the void re-let time continues to reduce.

### 3.6 **Gas servicing and repairs - Approved budget £1,603k Revised budget £1,830k**

2011/12 brings the introduction of an in-house gas servicing and repair team, following the collapse of Connaughts who previously delivered this service on our behalf. The budget which had previously been allocated when we contracted out this service was unrealistic and therefore, an additional £230,000 has been included in the gas budget.

### 3.7 **Facilities Management Revised budget £259k**

As part of the restructure of the maintenance team, a new team to manage Derby Homes' facilities was established. The facilities management team is responsible for a systematic regime of technical inspections of communal areas, identifying and completing any necessary repairs. The team manages our working bases and assets, including London Road, local offices and other facilities. The team also manages the Estate Response Officers delivering an efficient caretaking service across the City.

The budget for Estates Response Officers and the associated supplies and services budgets have been transferred over to be managed by this team. This has resulted in an overall budget requirement for the facilities management team of £260,000.

### 3.8 **Planned Work - Approved budget £1,345k Revised budget £935k**

We have recognised that we were over ambitious when this budget was set. We were not clear on the outturn costs of other areas of the budget and the allocation to planned maintenance work is the balance of the budget after essential maintenance work is funded.

We are still unlocking many of the efficiency savings and this will take some time, new vehicles are about to be ordered, our IT system is changing and we are in the process of achieving better value from the supply chain. Our strategy is to direct any efficiency savings from other areas of essential maintenance work into the planned work budget over time.

**3.9 Capital (Kitchens and Bathrooms) - Approved budget £3,550k Revised budget £3,000k**

The approved budget included an amount of £550,000 for major welfare adaptations. The budget is now going to be retained by the Council.

**3.10 Public Buildings - Approved budget £1,677k Revised £1,547k**

Public Buildings are charged to the Council and an open book basis. Efficiencies have already been made, and therefore the income Derby Homes will receive has reduced equally. Derby City Council (DCC) has indicated that they will defer competition for this for another year, which means that the contribution of £137,000 towards Derby Homes' overheads will remain for at least another 12 months.

**3.11 Capitalised Salaries - Approved budget £598k Revised budget £413k**

Following a review of which salaries can be capitalised, the amount of capitalised salary income has been reduced by £185,000. This has been offset by a corresponding increase in maintenance fee income from DCC.

#### **4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS**

Those reflected in the body of the report.

The areas listed below have no implications directly arising from this report:

- Consultation
- Legal and Confidentiality
- Personnel
- Environmental
- Equalities Impact Assessment
- Health & Safety
- Risk
- Policy Review

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or Phil Davies, Chief Executive, [phil.davies@derbyhomes.org](mailto:phil.davies@derbyhomes.org) – Phone: 01332 888528

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Background Information: None.

Supporting Information: None.

	Approved Budget	Indicative Budget	Incr/(decr) in net budget
Day to day	£4,119,193	£4,300,000	£180,807
Voids	£2,037,973	£2,420,000	£382,027
Electrical testing	£218,935	£233,609	£14,674
Gas servicing & repairs	£1,603,312	£1,830,000	£226,688
Maintenance Team overheads	£277,603	£93,452	-£184,151
Facilities Management		£258,670	£258,670
Specialist Work	£919,709	£1,225,733	£306,024
Planned Work	£1,345,411	£935,416	-£409,995
Estates maintenance	£186,920	£189,073	£2,153
Contingency	£284,000	£247,589	-£36,411
<b>TOTAL</b>	<b>£10,993,056</b>	<b>£11,733,542</b>	<b>£740,486</b>

Kitchens & Bathrooms	£3,550,000	£3,000,000	-£550,000
Public Buildings	£1,676,930	£1,547,359	-£129,571

Capitalised salaries	£598,486	£413,000	-£185,486
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**Income**

Repairs Fee	£10,993,056	£11,733,542	£740,486	£465k inflation £185k reduction in capitalised salary income/increase in fee income, £90k to fund minor adapts
Cap Sals/Est Pride	£598,486	£413,000	-£185,486	Additional fee to replace reduction in salary costs which can be capitalised
K&B	£3,550,000	£3,000,000	-£550,000	Major Welfare Adapts budget now held by DCC
PB	£1,676,930	£1,547,359	-£129,571	Open book basis, increased efficiency
<b>TOTAL</b>	<b>£16,818,472</b>	<b>£16,693,901</b>	<b>-£124,571</b>	