

FINANCE UPDATE

Report of the Finance Director & Company Secretary

1. SUMMARY

1.1 This report updates the Board on two key financial issues:

1. The 2023/24 financial outturn (based on the October 2023 management accounts) is forecasting for a deficit of £1m.
2. To review the changes made to the staffing establishment by the Senior Management Team during 2023 and seeking approval to agree these in advance of the 2024/25 budget setting process.

2. RECOMMENDATIONS

- 2.1 To note the 2023/24 October 2023 forecast of a £1m deficit for 2023/24, and the main reasons for this as noted in section 4.1.
- 2.2 To approve the Scheme of Delegation changes to the staffing establishment made during 2023, as detailed in Appendix 1.

3. REASONS FOR RECOMMENDATION

- 3.1 To keep the Board informed of the financial performance of Derby Homes.
- 3.2 For the Board to have oversight and approve as required changes to the staffing establishment of Derby Homes and the impact on operational budgets.

4. MATTERS FOR CONSIDERATION

4.1 Management Accounts 2023/24

The October 2023 management accounts are forecasting a management account deficit of circa £1m for the 2023/24 year. This excludes unbudgeted costs associated with stock condition surveys which will add to the deficit once the level of spend in 2023/24 on these is known. It is possible that around £0.1m will be spent this year and a further £0.25m next year on surveys to 6,500 properties.

Major variances against budget, above £100,000 are noted in the table below.

	£m
Budgeted loss for the year approved at 26 January 2023 Board	(0.050)
Day to Day Repairs – additional agency and contractors taken on to clear backlog of works £475k, increased work arising from damp / disrepair surveys £260k, scaffold budget not aligned with underlying costs and extra catch-up works £200k, additional groundworks jobs and higher contractor prices £140k, materials inflation above that budgeted £125k.	(1.199)
Insurance – increase in renewal premiums, linked to sector wide changes in the housing insurance market	(0.181)
Capital works – with the increased amount of works being undertaken on the recharged HRA capital area, the associated overhead recovery element is higher than budgeted.	0.300
Net impact of other variances below £100k, including staff savings from vacancies across the organisation	0.130
October 2023 forecasted loss for 2023/24	(1.000)

The overall turnover is circa £50m, so a 1% variance in forecasts is £0.5m, so this context is required to be noted when forecasting the year end position.

4.2 Staffing Establishment Changes

The process for approval of changes to established staffing structures is generally delegated to officers and approved through meetings of the Senior Management Team. Normally this is dealt with under delegated authority of the Managing Director for budget virements up to £250,000 in the year, with the formalising of the changes included within the subsequent budget process.

Since the previous budget approvals granted by the Board in November 2022 there have been a number of changes to the establishment. Budget wise, there is a net budget cost of £78,000 from 2024/25 (mainly from an extra Supervisor in Day to Day and additional Apprentices). This will be incorporated into the 2024/25 budget setting process.

To assist in identifying the level of 2024/25 savings required, it would be helpful for a decision on these staffing changes to be confirmed now. Any costs relating to 2023/24 are included within the management account forecasts. Full details are shown in Appendix 1.

5. OTHER OPTIONS CONSIDERED

5.1 None

IMPLICATIONS

6. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

6.1 The 2023/24 management accounts are discussed on a quarterly basis at Senior Management Team in depth and updates provided to the Board throughout the year.

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

Consultation

Legal and Confidentiality

Environmental

Equalities Impact Assessment

Health & Safety

Risk

Policy

Personnel

Council

For more information please contact: Michael Kirk

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Background information:

List of appendices Appendix 1 (Confidential – CMIS only) – Scheme of Delegation changes 2023

This report has been approved by the following:

Company Solicitor	Taran Lalria	14/11/2023
Finance Director & Company Secretary	Michael Kirk	09.11.2023
Governance (checked)	Chloe Gaskell	13.11.2023