

## **DERBY HOMES MANAGEMENT ACCOUNTS 2010/11 – PERIOD 6 (MANAGEMENT FEE)**

Report of the Director and Company Secretary

### **1. SUMMARY**

The report tables the management accounts for Derby Homes for the six months to September 2010. It compares actual expenditure for September against budget and extracts a difference.

### **2. RECOMMENDATION**

To note the report and appendices.

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

3.1 On 2 June 2010 the Repairs Team and the Public Buildings Repairs and Maintenance Team, which were previously part of the Derby City Council Environmental Services Department, were transferred to Derby Homes Ltd. These accounts are in respect of the continuing operations of Derby Homes Ltd and do not reflect transactions relating to this business transfer of the Repairs Team other than a small recharge of managerial salaries explained in paragraph 3.4.

3.2 Appendix 1 shows the Operating Statement for April 2010 to September 2010. This shows a cumulative operating surplus of £67,000.

3.3 An explanation of the significant variances is detailed in Appendix 2.

3.4 The underlying operating result is as follows:

	<b>YTD £'000</b>
Reported surplus	67
Overspends funded from reserves:	
Tenancy Sustainment Service	30
Systems Co-ordinator post	14
Development Officer post	23
Family Intervention Project salaries	24
Market Development Officer	12
	<hr/> 103
Underlying operating surplus	<hr/> 170

The surplus for the year to date includes a recharge of management employee costs which has been charged to the Repairs Team trading accounts. The amount of the charge is £30,000 per month and £120,000 year to date.

### 3.5 External Management & Consultancy Services

The surplus achieved through external management contracts and consultancy services is as follows:

	Year to Date £'000	Variance to Date £'000
Income	189	9
Expenditure	174	(8)
Surplus/(Deficit)	<b>15</b>	<b>(1)</b>

Further analysis of income and expenditure on non-core management fee business activity is attached at Appendix 3.

3.6 The balance sheet for September 2010 is shown at Appendix 4.

3.7 Included in the balance sheet is cash at bank of £2,674,000 compared with a cash balance of £1,589,000 at the end of August 2010.

3.8 The full year forecast out-turn for 2010/11 has been revised and is included in Appendix 2 and 5. The final forecasted operating surplus is £206,000. This includes the recharge of management employee costs to the Repairs Team referred to in paragraph 3.4, which is forecast at £300,000 for the full year.

3.9 When costs that will be covered by reserves are taken into account the underlying final forecasted operating surplus is £385,000.

## 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 the Chief Executive, [phil.davies@derbyhomes.org](mailto:phil.davies@derbyhomes.org) - Tel 01332 711010**

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**Background Information:** None.

**Supporting Information:** None.

	<i>Period Budget</i>	<i>Period Actual</i>	<i>Period Variance</i>	<i>Variance %</i>	<i>Budget Year to Date</i>	<i>Actual Year to Date</i>	<i>Variance Year to Date</i>	<i>Variance %</i>	<i>Budget Full Year</i>
	£	£	£		£	£	£		£
<b>Fee Income</b>	937,646	933,183	(4,463)	0	5,625,876	5,599,100	(26,776)	0	11,251,754
<b>Misc Income:</b>									
<b>Council Tax Collection</b>	2,083	2,083	0	0	12,498	12,500	2	0	25,000
<b>Capital Programme/Estates Pride</b>	70,609	70,609	0	0	423,654	423,654	0	0	847,308
<b>Supporting People Grant - Tenancy Support</b>	22,747	22,755	8	0	136,482	136,487	5	0	272,975
<b>Supporting People Grant - Sheltered Housing</b>	61,493	61,495	2	0	368,958	368,963	5	0	737,925
A <b>External Management - Rents</b>	24,090	24,799	709	3	144,540	150,557	6,017	4	289,092
B <b>External Management &amp; Consultancy fees</b>	5,761	5,460	(301)	(5)	34,566	38,046	3,480	10	69,161
D <b>Other Council Services</b>	11,879	12,904	1,025	9	71,274	90,971	19,697	28	142,564
<b>Other Income</b>	80,037	65,166	(14,871)	(19)	480,222	416,728	(63,494)	(13)	960,539
<b>Total Income</b>	<u>1,216,345</u>	<u>1,198,454</u>	<u>(17,891)</u>	<u>(1)</u>	<u>7,298,070</u>	<u>7,237,006</u>	<u>(61,064)</u>	<u>(1)</u>	<u>14,596,318</u>
<b>C Employee Costs</b>	704,262	669,968	34,294	5	4,225,572	4,115,408	110,164	3	8,451,683
<b>Travel Expenses</b>	25,961	20,208	5,753	22	155,766	145,508	10,258	7	311,710
<b>Office Costs</b>	94,252	101,235	(6,983)	(7)	565,512	558,995	6,517	1	1,131,508
<b>Supplies &amp; Services</b>	242,274	239,746	2,528	1	1,453,644	1,453,180	464	0	2,908,014
<b>Support Services</b>	149,428	149,429	(1)	0	896,568	896,568	0	0	1,793,227
<b>Total Expenses</b>	<u>1,216,177</u>	<u>1,180,586</u>	<u>35,591</u>	<u>3</u>	<u>7,297,062</u>	<u>7,169,659</u>	<u>127,403</u>	<u>2</u>	<u>14,596,142</u>
<b>Net Operating Surplus / (Deficit)</b>	<u>168</u>	<u>17,868</u>	<u>17,700</u>	<u>10,536</u>	<u>1,008</u>	<u>67,347</u>	<u>66,339</u>	<u>6,581</u>	<u>176</u>

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- Expenditure will be shown without brackets

- Overspent expenditure variances will be shown with brackets
- Surpluses will be shown without brackets
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DERBY HOMES LIMITED		Appendix 2	
Management Accounts - Period 6 2010//11			
Analysis of Income and Expenditure Variances			
	Actual		Full year forecast
	Over/(Under) Current Period £'000	Over/(Under) Year to Date £'000	Impact on Full Year £'000
<b>Income Variances</b>			Income not offset by Expenditure £'000
· Management fee variance	(5)	(27)	(53)
· Other minor variances	(13)	(34)	29
<b>Total Income Variances</b>	<b>(18)</b>	<b>(61)</b>	<b>(24)</b>
	Actual		Full year forecast
	(Over)/Under Current Period £'000	(Over)/Under Year to Date £'000	Impact on Full Year £'000
<b>Expenditure Variances</b>			Expenditure not offset by income £'000
· Employee variances made up of :			
Managment charge to DLO	30	120	300
Minor Changes	4	(10)	(79)
	34	110	221
· Non Pay variances made up of :			
Minor Changes	2	17	9
<b>Total Expenditure Variances</b>	<b>36</b>	<b>127</b>	<b>230</b>
<b>Total Operating Summary Variance per Appendix 1</b>	<b>18</b>	<b>66</b>	<b>206</b>
<b>Add back overspends being funded from reserves :</b>	<b>12</b>	<b>103</b>	<b>179</b>
<b>Underlying variance</b>	<b>30</b>	<b>169</b>	<b>385</b>

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## Derby Homes Ltd

## Operating Statement: September 2010

## External Management &amp; Consultancy Services

		PERIOD			YEAR TO DATE		
		Budget £	Actual £	Variance £	Budget £	Actual £	Variance £
<u>Note</u>	<u>Contract 1 : Spirita</u>						
1	Rents	19,683	19,919	236	118,099	125,833	7,735
	Fee income	2,607	2,548	(59)	15,639	21,005	5,366
	Less:						
	Employee Costs	1,151	1,172	(21)	6,906	7,067	(162)
2	Other Expenditure	19,908	20,086	(178)	119,449	132,552	(13,104)
	Surplus/(Deficit)	<u>1,231</u>	<u>1,209</u>	<u>(22)</u>	<u>7,384</u>	<u>7,219</u>	<u>(165)</u>
	<u>Contract 2 : NCHA Bedford Street</u>						
	Income	509	509	0	3,054	3,054	0
	Less:						
	Employee Costs	0	0	0	0	0	0
	Other Expenditure	0	0	0	0	0	0
	Surplus/(Deficit)	<u>509</u>	<u>509</u>	<u>0</u>	<u>3,054</u>	<u>3,054</u>	<u>0</u>
	<u>Green Hill Apartments</u>						
	Rents	1,539	1,504	(35)	9,235	7,697	(1,538)
	Fee income & Service charges	1,148	1,419	271	6,888	6,864	(24)
	Less:						
	Employee Costs	0	0	0	0	0	0
	Other Expenditure	2,439	1,866	573	14,635	11,016	3,619
	Surplus/(Deficit)	<u>248</u>	<u>1,057</u>	<u>809</u>	<u>1,488</u>	<u>3,545</u>	<u>2,058</u>
	<u>Leytonstone Drive</u>						
	Rents	2,869	3,376	507	17,213	17,028	(185)
	Fee income & Service charges	417	490	73	2,500	2,458	(42)
	Less:						
	Employee Costs	0	0	0	0	0	0
	Other Expenditure	3,119	3,376	(257)	18,713	17,028	1,685
	Surplus/(Deficit)	<u>167</u>	<u>490</u>	<u>323</u>	<u>1,000</u>	<u>2,458</u>	<u>1,458</u>
	<u>New Build</u>						
	Income	0	0	0	0	0	0
	Less:						
	Employee Costs	0	0	0	0	0	0
	Other Expenditure	0	69	(69)	0	2,704	(2,704)
	Surplus/(Deficit)	<u>0</u>	<u>(69)</u>	<u>(69)</u>	<u>0</u>	<u>(2,704)</u>	<u>(2,704)</u>
	<u>Consultancy &amp; Secondment</u>						
	Income	1,083	494	(589)	6,500	4,666	(1,834)
	Less:						
	Employee Costs	629	0	629	3,775	1,882	1,893
	Other Expenditure	233	134	99	1,400	1,566	(166)
	Surplus/(Deficit)	<u>221</u>	<u>360</u>	<u>139</u>	<u>1,325</u>	<u>1,218</u>	<u>(107)</u>

**Total External Management & Consultancy**

Rents (agreed to Operating Statement A )	24,091	24,799	708	144,546	150,558	6,012
Income (agreed to Operating Statement B)	5,764	5,460	(304)	34,582	38,047	3,466
Less:						
Employee Costs (included in Operating Statement C)	1,780	1,172	608	10,681	8,949	1,732
Expenses (included in operating statement)	25,698	25,531	167	154,195	164,866	(10,672)
Surplus/(Deficit)	<u>2,378</u>	<u>3,556</u>	<u>1,179</u>	<u>14,253</u>	<u>14,790</u>	<u>538</u>

**Notes**

- 1) Income includes rents collected for managed properties and management fees
- 2) Other expenditure includes payments of rents collected and other management costs

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## Other Council Services

	PERIOD			YEAR TO DATE		
	Budget £	Actual £	Variance £	Budget £	Actual £	Variance £
<u>Housing Options Homeless Initiative</u>						
Income	8,278	10,235	1,957	49,670	74,015	24,345
Less:						
Employee Costs	2,721	3,236	(515)	16,325	19,318	(2,993)
Other Expenditure	5,333	6,800	(1,467)	32,000	52,641	(20,641)
Surplus/(Deficit)	<u>224</u>	<u>199</u>	<u>(25)</u>	<u>1,345</u>	<u>2,056</u>	<u>711</u>
<u>London Road Homeless Accomodation</u>						
Income	2,596	2,596	(0)	15,575	15,576	1
Less:						
Employee Costs	1,159	1,144	15	6,956	6,859	97
Other Expenditure	1,257	1,553	(296)	7,540	9,792	(2,252)
Surplus/(Deficit)	<u>180</u>	<u>(101)</u>	<u>(281)</u>	<u>1,079</u>	<u>(1,075)</u>	<u>(2,154)</u>
<u>Milestone House</u>						
Income	1,006	73	(933)	6,034	1,380	(4,654)
Less:						
Employee Costs	561	0	561	3,364	0	3,364
Other Expenditure	278	62	216	1,665	1,150	515
Surplus/(Deficit)	<u>168</u>	<u>11</u>	<u>(157)</u>	<u>1,006</u>	<u>230</u>	<u>(776)</u>
<b><u>Total Other Council Services</u></b>						
Income (agreed to Operating Statement D)	11,880	12,904	1,024	71,279	90,971	19,692
Less:						
Employee Costs (included in Operating Statement C)	4,441	4,380	61	26,645	26,177	468
Expenses (included in Operating Statement )	6,868	8,415	(1,548)	41,205	63,583	(22,378)
Surplus/(Deficit)	<u>572</u>	<u>109</u>	<u>(463)</u>	<u>3,430</u>	<u>1,211</u>	<u>(2,219)</u>

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## Derby Homes Limited

## Balance Sheet as at 30th September 2010



	Period Month End 30.09.10 £'000	Last Month End 31.08.10 £'000	Last Year End 31.03.10 £'000
<b>Fixed Assets</b>	1,010	320	401
<b>Debtors falling due after 1 year</b>			
<b>Current Assets</b>			
Debtors falling due within 1 year:			
Derby City Council intercompany debtors	1,114	1,839	1,818
Other external debtors	787	802	565
Cash & Bank	2,674	1,589	1,561
	<u>4,574</u>	<u>4,230</u>	<u>3,944</u>
Creditors falling due within 1 year:			
Derby City Council intercompany creditors	(395)	(381)	(988)
Other external creditors	(1,563)	(809)	(1,004)
Payroll creditors	(231)	(233)	(1)
Taxation	(636)	(386)	(339)
	<u>(2,825)</u>	<u>(1,808)</u>	<u>(2,332)</u>
<b>Net Current Assets/(Liabilities)</b>	1,749	2,422	1,612
<b>Net Assets excluding pensions liability</b>	<u>2,759</u>	<u>2,741</u>	<u>2,013</u>
<b>Pension liability</b>	<u>(11,351)</u>	<u>(11,351)</u>	<u>(11,351)</u>
<b>Total net liability including pensions</b>	<u>(8,592)</u>	<u>(8,610)</u>	<u>(9,338)</u>
<b>Profit and Loss account - opening reserves</b>	(8,659)	(8,659)	(9,338)
<b>Profit &amp; Loss account - current year</b>	<u>67</u>	<u>49</u>	<u>0</u>
<b>Total Funds</b>	<u>(8,592)</u>	<u>(8,610)</u>	<u>(9,338)</u>



## Forecast for Year 2010/11

	Operating Statement September 2010	Forecast Operating Statement 31 March 2011	Budget Full Year 2010/11	Variance
	£'000	£'000	£'000	£'000
<b>INCOME</b>				
Forecast	7,237	14,597	14,596	1
<b>EXPENDITURE</b>				
Employee Costs	4,115	8,230	8,451	221
Travel Expenses	146	312	312	0
Office Costs	559	1,122	1,132	10
Supplies & Services	1,453	2,934	2,908	( 26 )
Support Services	897	1,793	1,793	0
<b>Total Expenditure</b>	<b>7,170</b>	<b>14,391</b>	<b>14,596</b>	<b>205</b>
<b>Operating Surplus/(Deficit)</b>	<b>67</b>	<b>206</b>	<b>0</b>	<b>206</b>