

BUSINESS TRANSFORMATION UPDATE

Report of the Director & Company Secretary

1. SUMMARY

This report updates the Committee on the Business Transformation programme.

2. RECOMMENDATION

To note the successful implementation of the Business Transformation programme and to note that the outcome is well ahead of target, generating short term surpluses.

3. MATTER FOR CONSIDERATION

- 3.1 The Business Transformation programme has now achieved a total saving of £1.9m against the four year target of £2.2m. Plans are in place to deliver the remainder of the target, and the whole target should be reached by 2013, which would be a year ahead of target.
- 3.2 The speed at which the savings have been delivered – well ahead of target – means that Derby Homes is currently underspending and building up reserves. The use of those reserves will be discussed as part of the budget setting process.

Analysis and Information

- 3.3 The savings achieved to date and in the future can be summarised as follows:

	11/12	12/13	13/14	14/15	Total
	£000	£000	£000	£000	£000
Management					
Budget savings 11/12	315				315
Budget savings 12/13		498	5		503
Budget savings 13/14:					
Serco		30			30
First Care		2			2
Support Services – Insurance		90			90
Support Services – HR			27		27
Support Services – Finance			25		25
Support Services – IT			105	16	121
depreciation					
Community Watch Patrol Van			12		12
DACP – move to London Road			32		32
Remote Mail / Storage			20		20
Budget Savings 14/15:					
Move to Council House				100	100
Protected Salaries				27	27

	11/12	12/13	13/14	14/15	Total
Total	315	935	226	143	1304
Cumulative Total	315	935	1161	1304	
Reduction in management fee	250	500	750	1000	
Increased DH target	300	600	900	1200	
Ahead (behind) target	15	335	261	104	
Maintenance					
Procurement	328	213			541
Staffing costs direct	8	63			71
Agency / Subcontractors		275	55	55	385
Van fleet purchase		63	10	10	83
Other		4			4
Total	336	618	65	130	1084
Cumulative Total	336	954	1019	1084	
Reduction in management fee	0	0	0	0	
Increased DH target	250	500	750	1000	
Ahead (behind) target	86	454	269	84	

- 3.4 As can be seen, both areas are well ahead of their individual targets and will remain so. In effect there are now plans in place to overachieve even the stretched targets that we set ourselves to deliver efficiencies.
- 3.5 In effect the Business Transformation process has been completed. That is not to say that further efficiency cannot be achieved and even better service delivered, and Derby Homes will continue to strive for this in the future. The aim of improving service and efficiency is now well embedded and further efficiency opportunities will be taken when they are required or are available. The resources released will be reconsidered for further investment in Derby Homes and Council housing priorities.
- 3.6 Much of the additional resource generated by being ahead of target has resulted in increased Derby Home' reserves. These will be considered at the Budget scrutiny day and plans drawn up for further investment by Derby Homes.
- 3.7 The current budget process for 2013/14 will also be discussed in detail, including the impact of welfare reform, supporting people funding losses and other pressures on the current budget.

4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

The financial impacts are that the savings required have been generated ahead of schedule, increasing Derby Homes' reserves in the short term, and enabling a more proactive use of such resources to generate further savings where possible and to invest in other priorities agreed with the Council, perhaps including new homes exempt from the Right to Buy.

5. RISK IMPLICATIONS

Failure to deliver the business transformation programme is on the risk register and can now be regarded as fully mitigated.

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

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

If Board Members or others would like to discuss this report ahead of the meeting please contact:

Author: David Enticott / Director & Company Secretary / 01332 888523 / Email
david.enticott@derbyhomes.org

Background Information: None

Supporting Information: None