

DERBY HOMES DRAFT OPERATING BUDGET 2012/13 AND FORECASTS

Report of the Director & Company Secretary

1. SUMMARY

This report presents the draft operating budget for Derby Homes in 2012/13 and forecasts for 2013/14 and 2014/15 to be considered by the City Board.

2. RECOMMENDATION

To note the contents of the report, and to offer any comments to Derby Homes Board on the proposals for the budget.

3. MATTER FOR CONSIDERATION

3.1 Derby Homes Board received a report in July 2011 setting out the medium term finance strategy. The draft budget has been prepared in accordance with that strategy and is consistent with both the HRA Business Plan and the Derby Homes Delivery Plan.

3.2 The draft budget was prepared after consultation with budget managers and presented to a Budget Scrutiny Group which convened on 18 November 2011.

Maintenance

3.3 Appendix 1 shows the net budgets for Derby Homes' Maintenance operations.

Overall, it is assumed that these budgets will break even. The income levels shown are consistent with the HRA Business Plan proposed to the Council.

3.4 Movements in the Repairs and Maintenance budget are shown in Appendix 2. The principal changes each year are in respect of inflation, budget transferred from the management fee operations, and stock adjustments. Growth funded by the HRA Business Plan as a result of the reform of the HRA subsidy system has been built in of £1,150K in 2012/13 relating to additional cyclical works such as fencing and external painting, and a further £250K in 2014/15 in relation to general works. These additional funds should be supplemented by further funds as a result of increased efficiency throughout the Maintenance operation.

3.5 Appendix 3 shows the major changes in the Repairs and Maintenance budgets for 2012/13 compared to 2011/12. Along with the growth in funds, further investments – particularly in gas and electrical servicing – have been possible as a result of the efficiencies and savings already generated alongside growth in underlying funding. It is anticipated that significant savings will be generated in day to day and void

operations as a result of increased efficiency. The budget has therefore been set on a challenging basis, but with the savings placed initially into a contingency fund rather than being relied upon in advance. Once they have been delivered, such savings should be able to be redeployed into increased service to tenants.

- 3.6 Void costs will continue to be monitored against budgeted cost per void work undertaken, with a view to reducing the cost per void over time. Similarly, it is anticipated that increased productivity levels should be possible in day to day operations and that over time this should lead to a reduction in overall costs.
- 3.7 Appendix 1 shows the forecast movement in the capital works budget. In view of the projected workload reducing, the budget has been reduced from £3M in 20011/12 to £2.35M a year for the three years 2012/13 to 2014/15. Efficiency measures have been introduced in this service and the overall requirement and therefore workload is expected to fall soon. The numbers of kitchens and bathrooms being handled by the service will therefore be closely monitored, and adjustments to plans made to reduce immediate spending and spread the work as efficiently as possible.
- 3.8 Provision of £103K per year has been made to cover the Maintenance share of annual payments that are required to cover past deficits in the pension fund. The equivalent management fee share of this cost is £155K and is met from corporate overheads. From 2011/12 employer pension contributions in budgets have been reduced from 14.7% to 10.9% of pensionable salaries and the savings in respect of this have been incorporated in all budgets.
- 3.9 Overall the Maintenance operation has been set challenging financial targets, and as savings are achieved, additional funds will be released into improving the service further. Overall costs are rising to around £22 a week for the maintenance of each home. This approach of relating budgets to weekly rent is being adopted throughout the budget process.

Management

- 3.10 Changes in the principal fee income are shown on Appendix 2.
- 3.11 The management fee is reducing significantly from £10M to £8.7M overall. Around £1M of this reduction is due to transfers of responsibility to Maintenance and the Council, but also to the ending of funding for certain programmes – leasing costs and Business Transformation support. It also incorporates the real terms reduction of £250,000 in the management fee which has effectively been used by the Council to increase resources in maintenance, rebalancing spending between the two areas.
- 3.12 Further real terms reductions in the principal fee for 2013/14 and 2014/15 are set at £250K each year to reach the £1M target savings by the end of the period.
- 3.13 In addition to the reductions, two items of growth are proposed to the Council in the HRA business plan: £53,000 towards the cost of employing 2 additional staff specifically to address under occupation and other universal credit issues and £125,000 a year additional fee to replace the previous funding from Estates Pride for Neighbourhood working.

- 3.14 Business Transformation savings are shown in Appendix 5. The target set by Derby Homes Board was to deliver £1.2M of savings from the management fee by 2014/15 and a further £1M from maintenance operations – the latter to be reinvested back into those operations.
- 3.15 The savings already generated by the programme means that by 2012/13 in excess of £813K of savings should be delivered, with a further £324K planned over the following two years, reaching a total just £63k short of the overall target. The remaining planned savings will still need to be delivered to reach this position. These are to successfully move to the Council House, which should save around £100,000 a year – perhaps more, and also to restrain additional ICT investment to around £200,000 a year rather than the higher levels seen in recent years. Both of these are challenging but achievable.

Overall

- 3.16 As Maintenance is expected to break even, the management position, shown on Appendix 4, equates to the overall position.

The net budget result is as follows:

	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Net Operating Surplus/(Deficit)	337	139	(22)

- 3.17 The plan is therefore almost balanced for all three years, broadly reflecting the planned business transformation programme savings. The early delivery of these savings ahead of schedule is leading to a temporary surplus next year.
- 3.18 Overall, the budget – as long as the remaining planned savings are delivered - will effectively achieve the planned savings required by the Council. The balance of £22,000 is expected to be achieved through the final part of the Business Transformation programme over the next couple of years.
- 3.19 The overall result therefore means that Derby Homes can plan on a reasonably stable financial future as long as income remains at current levels. This is not guaranteed as Supporting People funding in particular is under threat and Right to Buy levels are likely to increase, which will lead to inevitable reductions in management and maintenance fees in future.
- 3.20 As an aid to judging performance and value for money, budgets from 2012/13 onwards will show the gross and net unit costs per property per week for each cost centre. Appendices 1 and 4 show these figures for 2014/15 for Maintenance and Management operations respectively.
- 3.21 Further pressures could arise which are not dealt with in the current budgets and forecasts and a major potential pressure is in relation to the Supported Living Service.
- 3.22 The current and forecast budgets include a restructure of the service in line with a reduction in income of £180K from 1 April 2012 which has been advised to us by the Council's Supporting People department. However it is understood that the review of Supporting People funding is ongoing. In the event that a further

substantial reduction in income is sustained the service will need to be reviewed again.

- 3.23 Costs in relation to this could be partly met from the contingency reserve and partly from the Business Transformation fund set up in 2011/12. Introducing service charges to increase income could also be considered. If necessary, the HRA may be able to support any transitional programme as it did with the previous transformation from Fixed Wardens to the current service. This would need to be agreed with the Council. The scale of the services provided through Supporting People of almost £1M a year precludes fully funding the services directly through the HRA.

4. CONSULTATION IMPLICATIONS

Consultation with tenants was undertaken by a presentation at the Investment Conference and by publishing budget information in the Derby Homes News.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

These are reflected in the body of the report.

6. LEGAL AND CONFIDENTIALITY IMPLICATIONS

The Board of Derby Homes has a statutory responsibility to ensure that the company operates in a manner in which it is able to meet all trading liabilities.

7. COUNCIL IMPLICATIONS

The budgets have been prepared with reference to the HRA business plan, and are consistent with it.

8. PERSONNEL IMPLICATIONS

As mentioned in the report in relation to service areas.

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

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 – Phone: 01332 888528

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Background Information: None
Supporting Information: None

REPAIRS AND MAINTENANCE BUDGETS 2012 - 2015

	2011-12	2012-13	2013-14	2014-15	Weekly Revenue Cost Per Property
Revenue :					
Repairs and Maintenance Budget Allocation	11,733,000	14,058,000	14,456,350	15,092,111	21.50
service charges		655,000	674,650	694,890	0.99
Fee plus service charges	11,733,000	14,713,000	15,131,000	15,787,000	22.49
Capital:					
Capitalised Salaries Budget Allocation	343,053	374,021	383,371	392,956	
Capital Works Budget Allocation	3,000,000	2,350,000	2,350,000	2,350,000	
Estates Pride Income	57,000	62,000	0	0	
	15,133,053	17,499,021	17,864,371	18,529,956	

Cost Centre	2011-12	2012-13	2013-14	2014-15	Weekly Revenue Cost Per Property
Day to Day Repairs	4,347,182	4,081,815	3,864,708	3,736,355	5.32
Gas Breakdowns	729,172	1,249,632	1,313,048	1,338,784	1.91
Gas Testing	1,094,016	733,500	777,379	799,790	1.14
Voids	2,443,257	2,411,219	2,421,075	2,427,700	3.46
Electrical Testing	230,739	317,078	322,835	331,905	0.47
Facilities Management	257,127	359,842	367,568	377,788	0.54
Public Buildings	0	0	0	0	0.00
London Road	0	0	0	0	0.00
Total Repairs Team Budget	9,101,493	9,153,086	9,066,612	9,012,321	12.84

Cost Centre	2011-12	2012-13	2013-14	2014-15	
Capital Kitchens	2,123,775	1,720,185	1,749,666	1,783,386	Capital Project
Capital Bathrooms	876,225	629,815	600,334	566,614	Capital Project
Total Capital Budget	3,000,000	2,350,000	2,350,000	2,350,000	

Cost Centre	2011-12	2012-13	2013-14	2014-15	Weekly Revenue Cost Per Property
Specialist Works - Staff Costs	165,910	213,792	220,478	227,489	0.32
Alarms & fire equipment	485,000	485,000	497,125	509,553	0.73
Entry systems, CCTV & aerials	145,000	125,000	128,125	131,328	0.19
Lifts	100,000	90,000	92,250	94,556	0.13
Water safety	30,000	30,000	30,750	31,519	0.04
Asbestos sampling	30,000	30,000	30,750	31,519	0.04
Energy performance certificates	55,000	30,000	30,750	31,519	0.04
Structural repairs	50,000	50,000	51,250	52,531	0.07
Drainage	150,000	100,000	102,500	105,063	0.15
Other servicing	10,000	7,000	7,175	7,354	0.01
Capitalised Salaries	400,053	374,021	383,371	392,956	
Planned Repairs - Staff costs	132,002	167,182	172,435	177,945	0.25
Repairs prior to painting	200,000	693,000	710,325	728,083	1.04
External painting	250,000	720,000	738,000	756,450	1.08
Lobby refurb	100,000	250,000	256,250	262,656	0.37
Home dec scheme	250,000	250,000	256,250	262,656	0.37
Fencing		250,000	250,000	250,000	0.36
Estates Maintenance - Staff Costs	66,970	106,555	110,292	114,248	0.16
Grounds maintenance	0	669,388	686,123	703,276	1.00
Tree maintenance	0	226,819	232,489	238,302	0.34
Playground inspections	20,000	70,000	71,750	73,544	0.10
Tenant's garden scheme	100,000	100,000	102,500	105,063	0.15
Communal cleaning	0	177,000	181,425	185,961	0.26
Investment and Regeneration - Staff Costs	0	314,631	322,359	330,280	0.47
Total Maintenance Team Budget	2,739,935	5,529,388	5,664,722	5,803,849	7.71

General Contingency	291,625	363,547	442,100	854,546	1.22
Central Pension contribution (prev years)		103,000	103,000	103,000	0.15
Day to Day Contingency			237,936	406,240	0.58
Total Contingency	291,625	466,547	783,036	1,363,786	1.94

15,133,053 17,499,021 17,864,371 18,529,956

Budget 20012/13 - Management Fee Projections

	Core Fee	Adjustments	Total	Est Service Charges	Management total	Maintenance	Est Service Charges	Maintenance Total	Total inc S/C
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2011/12									
Opening	10,808	504	11,312	796	12,108				
Inflation	114		114		114				
lease and insurance changes	401	-267	134		134				
management fee reduction	-250		-250		-250				
transfer to repairs - management of repairs	-890		-890		-890				
service charge income for grounds	-535		-535		-535				
service charge income for caretaking & Cleaning	-56		-56		-56				
one off extra investment transformation	300		300		300				
Stock Adjustment growth	19		19		19				
Stock Adjustment reductions	-103		-103		-103				
	9,807	237	10,044	796	10,840	11,733	0	11,733	22,573
2012/13									
Inflation	245		245		245	427		427	672
remove transformation	-301		-301		-301			0	-301
management fee reduction	-250		-250		-250			0	-250
lease and insurance changes		-237	-237		-237			0	-237
Increase in fee to cover under occupation posts	53		53		53			0	53
Stock Adjustment growth	3		3		3			0	3
Stock Adjustment reductions	-10		-10		-10	-15		-15	-25
mainstream neighbourhood working from EP	125		125		125			0	125
transfer concierge service charge to income	-11		-11		-11			0	-11
growth in service charges				94	94			0	94
Transfer of fee to cover cleaning and GM	-468		-468	-655	-1,123	468	655	1,123	0
Transfer of fee to cover Estate Response	-146		-146		-146	146		146	0
Transfer of fee to cover Furniture packs	-204		-204		-204			0	-204
Transfer of fee to cover Regeneration staff	-149		-149		-149	149		149	0
Growth - cyclical 900k fencing 250k					0	1150		1,150	1,150
	8,694	0	8,694	235	8,929	14,058	655	14,713	23,642
2013/14									
Inflation	217		217	6	223	422	20	442	665
management fee reduction	-250		-250		-250			0	-250
Stock Adjustment	-12		-12		-12	-24		-24	-36
	8,649	0	8,649	241	8,890	14,456	675	15,131	24,021
2014/15									
Inflation	216		216	6	222	434	20	454	676
management fee reduction	-250		-250		-250			0	-250
Growth					0	250		250	250
Stock Adjustment	-20		-20		-20	-48		-48	-68
LGPS inflation	196		196		196			0	196
	8,791	0	8,791	247	9,038	15,092	695	15,787	24,825

Note 1

In addition to the transfer of fee of £468K to cover the switch of Cleaning, Grounds maintenance and Trees Maintenance will also receive the related service charges. Currently these are estimated at £655K.

APPENDIX 3

Repairs & Maintenance budget

£000's

Budget 2011/12

11,733

Budget Reductions

Vans	(23)
Materials	(115)
Additional savings on Materials & Ordering System	(22)
Subcontractors	(290)
Agency Staff	(143)
Entry Systems, CCTV and aerials budget	(20)
Lifts budget	(10)
Energy Performance Certificates budget	(25)
Drainage budget	(50)

(698)

Transfers from Management

Grounds maintenance	669
Tree maintenance	227
Communal Cleaning	177
Investment & Regen staff	252
Consumables Budget	26
Create vehicles budget - previous included in the management fee	48
Rent abatement budget created	11

1,410

Budget Increases

Pressures

Voids Staffing budget	36
Pension Contribution	103
General Contingency	72
IT Revenue Budget	90
Depreciation on IT	98
Increase in budget for tipping charges	90

489

Investments

Repairs prior to painting budget	93
External painting budget	70
Internal painting budget	50
Playground Inspections budget	50
Gas	204
Electrical Testing	159

626

New Funding from HRABP

Cyclical works	900
Fencing	250

1,150

2,265

Other budget savings less pressures of less than £10K

3

Budget 2012/13

14,713

Derby Homes Ltd

Budget Preparation Model for: 2012/13

APPENDIX 4

Cost Centre Totals - Overall net expenditure		Approved Budget 2011/12 £	BT Adjustment £	Virement £	Adjusted Budget £	Inflation £	Indicative budget £	Budget bid 2012/13 £	Difference £	Budget 2012/13 £	BT Adjustment £	Adjusted Budget £	Inflation £	Budget 2013/14 £	BT Adjustment £	Adjusted Budget £	Inflation £	Budget 2014/15 £	Net Unit Cost £	Gross Unit Cost £
PRINCIPAL FEE																				
S310450	MANAGEMENT FEE	(10,044,000)	-	1,081,482	(8,962,518)	(245,000)	(9,207,518)	(8,693,518)	514,000	(8,693,518)	-	(8,693,518)	-	(8,648,518)	(196,000)	(8,844,518)	-	(8,790,518)	(12.52)	0.00
		(10,044,000)	-	1,081,482	(8,962,518)	(245,000)	(9,207,518)	(8,693,518)	514,000	(8,693,518)	-	(8,693,518)	-	(8,648,518)	(196,000)	(8,844,518)	-	(8,790,518)	(12.52)	0.00
HOUSING MANAGEMENT																				
H110100	AREA MANAGEMENT	504,015	(43,744)	135,137	595,408	2,738	598,146	585,024	(13,122)	585,024	857	585,881	14,647	600,528	857	601,385	15,034	616,419	0.88	0.88
H110150	NEIGHBOURHOOD MANAGEMENT	94,752	(2,978)	4,631	96,405	175	96,580	102,410	5,830	102,410	26	102,436	(404)	102,032	26	102,058	(523)	101,535	0.14	0.15
H110300	HOUSING OFFICERS	1,134,184	(160,639)	-	973,545	238	973,783	989,158	15,375	989,158	20,421	1,009,579	25,239	1,034,818	20,421	1,055,239	26,380	1,081,619	1.54	1.54
H110750	ALLOCATIONS TEAM	150,282	(1,171)	24,350	173,461	25	173,486	222,007	48,521	222,007	1,248	223,255	5,582	228,837	1,248	230,085	5,751	235,836	0.34	0.34
H150200	ENQUIRY CENTRE	391,271	84,692	(43,022)	432,941	-	432,941	429,820	(3,121)	429,820	(45,749)	384,071	9,602	393,673	4,251	397,924	9,948	407,872	0.58	0.58
H110550	CONCIERGE	42,026	-	-	42,026	347	42,373	12,113	(30,260)	12,113	-	12,113	(408)	11,705	-	11,705	333	12,037	0.02	0.06
H110600	NEIGHBOURHOOD SAFETY TEAM	203,349	(5,447)	(17,688)	180,214	59	180,273	179,848	(425)	179,848	969	180,817	4,521	185,338	969	186,307	4,657	190,964	0.27	0.27
H110650	COMMUNITY WATCH PATROL	107,018	-	(6,662)	100,356	355	100,711	109,435	8,724	109,435	1,504	110,939	2,824	113,763	1,504	115,267	2,933	118,200	0.17	0.17
H150500	FURNITURE PACKS	302,500	-	(204,000)	98,500	2,462	100,962	-	(100,962)	-	-	-	-	-	-	-	-	-	0.00	0.00
H110500	ESTATE RESPONSE TEAM	147,225	(1,226)	(145,999)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
H130400	SHELTERED HOUSING	133,750	-	(25,000)	108,750	19,463	128,213	126,650	(1,563)	126,650	-	126,650	6,578	133,228	-	133,228	6,904	140,132	0.20	0.21
H140100	LANDLORD SERVICES-GENERAL	889,689	-	(680,207)	209,482	23,859	233,341	188,400	(44,941)	188,400	-	188,400	11,823	200,223	-	200,223	12,315	212,538	0.30	0.49
C410600	IMARI PARK & PARK HOMES	-	-	(12,534)	(12,534)	-	(12,534)	(34,134)	(21,600)	(34,134)	-	(34,134)	-	(34,134)	-	(34,134)	-	(34,134)	(0.05)	0.00
C410100	EATON COURT	(2,669)	-	-	(2,669)	852	(1,817)	(3,512)	(1,695)	(3,512)	-	(3,512)	(117)	(3,629)	-	(3,629)	(122)	(3,751)	(0.01)	0.04
		4,097,392	(130,513)	(970,994)	2,995,885	50,573	3,046,458	2,907,219	(139,239)	2,907,219	(20,724)	2,886,495	79,887	2,966,382	29,276	2,995,658	83,610	3,079,267	4.39	4.73
AREA OFFICES																				
H120100	SUSSEX CIRCUS	33,449	-	(3,500)	29,949	1,553	31,502	27,737	(3,765)	27,737	-	27,737	851	28,588	-	28,588	881	29,469	0.04	0.04
H120200	ALLENTON	31,327	-	(3,800)	27,527	1,296	28,823	27,496	(1,327)	27,496	-	27,496	829	28,325	-	28,325	854	29,179	0.04	0.04
H120220	OSMASTON	1,995	-	-	1,995	605	2,600	12,533	9,933	12,533	-	12,533	374	12,907	-	12,907	385	13,292	0.02	0.02
H120300	ALVASTON LIBRARY	5,500	-	-	5,500	138	5,638	4,000	(1,638)	4,000	-	4,000	100	4,100	-	4,100	103	4,203	0.01	0.01
H120400	STOCKBROOK STREET	31,261	-	(2,300)	28,961	1,581	30,542	33,216	2,674	33,216	-	33,216	931	34,147	-	34,147	958	35,105	0.05	0.05
H120500	MACKWORTH LIBRARY	9,800	-	(900)	8,900	223	9,123	7,700	(1,423)	7,700	-	7,700	193	7,893	-	7,893	198	8,091	0.01	0.01
H120520	BROOK STREET	16,730	-	(1,200)	15,530	751	16,281	15,215	(1,066)	15,215	-	15,215	459	15,674	-	15,674	473	16,147	0.02	0.02
H120600	SINFIN	13,324	-	10,584	23,908	1,077	24,985	23,000	(1,985)	23,000	-	23,000	666	23,666	-	23,666	686	24,352	0.03	0.03
		143,386	-	(1,116)	142,270	7,224	149,494	150,897	1,403	150,897	-	150,897	4,403	155,300	-	155,300	4,538	159,838	0.23	0.23
SUPPORTED LIVING																				
C420400	FAMILY INTERVENTION PROJECT	-	-	-	-	763	763	89,999	89,236	89,999	(89,999)	(0)	-	(0)	-	(0)	-	(0)	(0.00)	0.09
H110800	TENANCY SUSTAINMENT	(5,040)	(1,000)	-	(6,040)	215	(5,825)	(40,372)	(34,547)	(40,372)	4,398	(35,974)	4,226	(31,748)	4,398	(27,350)	4,441	(22,909)	(0.03)	0.26
H110700	HRA SUPPORTED LIVING	107,528	(51,238)	(27,404)	28,886	13	28,899	23,131	(5,768)	23,131	-	23,131	578	23,709	-	23,709	593	24,302	0.03	0.03
H130200	SUPPORTED LIVING SERVICE	(148,337)	(37,931)	27,404	(158,864)	3,908	(154,956)	(168,848)	(13,892)	(168,848)	10,097	(158,751)	17,554	(141,197)	10,097	(131,100)	18,246	(112,854)	(0.16)	1.07
		(45,849)	(90,169)	-	(136,018)	4,899	(131,119)	(96,090)	35,029	(96,090)	(75,504)	(171,594)	22,358	(149,236)	14,495	(134,741)	23,280	(111,461)	(0.16)	1.45
INITIATIVES																				
H150300	RESIDENT INVOLVEMENT	178,850	(5,500)	29,704	203,054	1,207	204,261	201,283	(2,978)	201,283	3,087	204,370	5,113	209,483	3,087	212,570	5,315	217,885	0.31	0.31
H150350	COMMUNITY INITIATIVES	91,506	(1,200)	-	90,306	263	90,569	84,068	(6,501)	84,068	-	84,068	2,101	86,169	-	86,169	2,154	88,323	0.13	0.13
M210100	REGENERATION	154,187	(4,911)	(149,276)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
S310500	INITIATIVES	20,000	-	-	20,000	500	20,500	20,000	(500)	20,000	-	20,000	500	20,500	-	20,500	513	21,013	0.03	0.03
		444,543	(11,611)	(119,572)	313,360	1,970	315,330	305,351	(9,979)	305,351	3,087	308,438	7,714	316,152	3,087	319,239	7,982	327,221	0.47	0.47
HOMELESS (DCC GF)																				
C410300	HSG OPTIONS HOMELESS INITIATIVE	(3,615)	(970)	-	(4,585)	6,275	1,690	(2,646)	(4,336)	(2,646)	-	(2,646)	289	(2,357)	-	(2,357)	(83)	(2,440)	(0.00)	0.10
C410400	LONDON ROAD HOMELESS ACCOMM	(3,931)	(770)	-	(4,701)	1,440	(3,261)	(5,884)	(2,623)	(5,884)	-	(5,884)	(105)	(5,989)	-	(5,989)	(102)	(6,091)	(0.01)	0.04
C410500	MILESTONE HOUSE	(3,355)	-	-	(3,355)	254	(3,101)	(2,400)	701	(2,400)	-	(2,400)	(60)	(2,460)	-	(2,460)	(62)	(2,522)	(0.00)	0.02
		(10,901)	(1,740)	-	(12,641)	7,969	(4,672)	(10,931)	(6,259)	(10,931)	-	(10,931)	124	(10,807)	-	(10,807)	(247)	(11,054)	(0.02)	0.16
RENTS & ARREARS																				
H110200	ARREARS OFFICERS	465,917	(17,266)	-	448,651	100	448,751	446,547	(2,204)	446,547	5,487	452,034	11,301	463,335	5,487	468,822	11,721	480,543	0.68	0.68
S310310	RENTAL CONTROL	-	(3,874)	147,276	143,402	-	143,402	144,730	1,328	144,730	1,492	146,222	3,655	149,877	1,492	151,369	3,784	155,153	0.22	0.22
		465,917	(21,140)	147,276	592,053	100	592,153	591,277	(876)	591,277	6,979	598,256	14,956	613,212	6,979	620,191	15,505	635,696	0.91	0.91
CORPORATE OVERHEADS																				
S310400	CORPORATE OVERHEADS	1,325,183	(51,000)	10,200	1,284,383	37,031	1,321,414	1,386,644	65,230	1,386,644	(10,000)	1,376,644	39,413	1,416,057	(110,000)	1,306,057	37,864	1,343,921	1.91	1.95
	CONTINGENCY	-	-	-	-	-	-	200,000	200,000	200,000	50,000	250,000	-	250,000	-	250,000	-	200,000	0.28	0.28
	LGPS	-	-	-	-	-	-	155,220	155,220	155,220	-	155,220	-	155,220	196,000	351,220	4,900	356,120	0.51	0.51
H150100	PERFORMANCE MGT	180,965	(52,513)	12,934	141,386	488	141,874	120,903	(20,971)	120,903	-	120,903	3,023	123,926	-	123,926	3,098	127,024	0.18	0.18
H150150	BUSINESS TRANSFORMATION	591,332	(91)	(69,832)	521,409	11,676	533,085	39,889	(493,196)	39,889	-	39,889	997	40,886	-	40,886	1,021	41,907	0.06	0.06
H150400	COMMUNICATIONS	114,978	(14,013)	1,000	101,965	783	102,748	101,007	(1,741)	101,007	1,001	102,008	2,551	104,559	1,001	105,560	2,639	108,199	0.15	0.15
S310100	DIRECTORATE & SUPP SERVS	292,586	(13,253)	(33,934)	245,399	587	245,986	240,342	(5,644)	240,342	673	241,015	6,177	247,192	673	247,865	6,355	254,220	0.36	0.38
S310200	PERSONNEL & STAFFING	428,409	(47,766)	32,934	413,577	6,228	419,805	457,786	37,981	457,786	2,146	459,932	14,124	474,056	2,146	476,202	14,530	490,732	0.70	0.85
S310300	FINANCE	513,610	(1,200)	(147,276)	365,134	756	365,890	361,449	(4,441)	361,449	3,148	364,597	12,615	377,212	3,148	380,360	13,009	393,369	0.56	0.76
S310350	IT	1,194,123	(5,424)	56,898	1,245,597	26,954	1,272,551	1,229,707	(42,844)	1,229,707	1,630	1,231,337	31,984	1,284,321	1,630	1,285,951	33,349	1,324,300	1.89	1.95

Derby Homes Ltd

Budget Preparation Model for: 2012/13

APPENDIX 4

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APPENDIX 5

Management Fee - Total Summary

	£'000	£'000
Budget 2011/12		(0)
Movement in Principal Fee		(1,350)
Business transformation		
Salary savings, net of costs	246	
Annual Leave purchase	12	
Lump sum/mileage savings	83	
Other savings		
Reduction in staffing in Business Transformation	14	
Reduction in Hours of Community Initiatives Officer	10	
Introduction of Management Fee for Imari Park	22	
Reduction in Printing costs of Rent Statements	30	
Savings in Training budget	16	
Reduction in recruitment advertising	15	
Reduction of professional charges budget and related inflation	13	
Savings on staff conference and staff party	11	
Savings on taxis and miscellaneous expenses	10	
Savings in Occupational Health	9	
Reduction in IT depreciation and saving on licenses	5	
Reduction in DCC personnel SLA	4	
		500
Inflation		(161)
Major pressures		
Salary Increments	(62)	
Turnover percentage reduced	(119)	
Creation of a Contingency reserve	(200)	
Reduction in Supported Living income	(180)	
Annual payment to reduce pension deficit	(155)	
Transfer Neighbourhood Estates Pride Funding	(123)	
Family Intervention Project	(89)	
Two new temporary posts for Under Occupation	(53)	
Additional Development Officer Post	(45)	
Reduction in fee to reflect drop in numbers of properties managed	(38)	
Additional staff in Personnel transferred from Maintenance	(34)	
Reduction in recharge to Maintenance	(32)	
Addition of Mobile IT officer	(27)	
Increase in miscellaneous budget to reflect actual experience	(14)	
Increase in subscriptions budget to reflect actual experience	(10)	
Increase in legal SLA with DCC to reflect actual experience	(9)	
		(1,191)
Major savings		
Reduction in pension costs , offset by by NI increase	180	
Reduction in budget for Business Transformation costs	479	
Ceasation of Leases	237	
Transfer Furniture Packs to DCC	204	
Transfer Regeneration team to Maintenance	149	
Transfer Estate Response Team to Maintenance	146	
Transfer Cleaning & Grounds Maintenance to Maintenance	468	
Net savings in IT due to charging maintenance IT costs and depreciation	183	
Restructure of Supported Living Service as a result of lower income	173	
Transfer Furniture Packs to DCC	101	
Savings on Cleaning Service Charges	37	
Concierge Service Charges	30	
Tenancy Sustainment - increased service charge income, offset by increased salary costs	35	
Agreed Service Charge Income from DCC for Supported Living Service	30	
Savings to reflect drop in numbers of homeless properties managed	23	
Transfer of Performance staff member to Maintenance	20	
Deletion of Temporary Accommodation Assistant	19	
Introduction of Fee for managing Lillian Prime	2	
		2,515
Other budget savings less pressures of less than £10K		25
Budget 2012/13		337