

DERBY HOMES DRAFT OPERATING BUDGET 2013/14 AND FORECASTS

Report of the Director & Company Secretary

1. SUMMARY

- 1.1 This report presents the draft operating budget for Derby Homes (DH) in 2013/14 and forecasts for 2014/15 and 2015/16 to be considered by the Board. The budgets have been recommended to the Board following the Resources, Remuneration and Regeneration Committee meeting on 3 January 2012.
- 1.2 Budgets have been drafted on an assumed business as usual basis. Any changes arising from the current review of management arrangements of DH by Derby City Council (DCC) or DH taking on services currently delivered by DCC will result in a material change to these current assumptions.
- 1.3 These plans take account of a number of budget service pressures within DH including funding £383,000 in additional costs and services from DCC following the targeted £600,000 savings from their review of Housing Management arrangements.
- 1.4 Overall the plans deliver a balanced budget over three years by incorporating Business Transformation savings and encouragingly allowing for the creation of a £750,000 new build revenue budget rising to £1m in 2016/17 to fund the revenue costs of up to 400 new DH homes, subject to the consultation and approval with tenants and DCC. The overall position is summarised below:

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Target level of support	250	500	750	1,000
Number of new homes outside of HRA	100	200	300	400
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
<u>Contributions from existing budgets</u>				
Housing management	265	192	182	182
Repairs & Maintenance	380	306	282	282
	645	498	464	464
Balance of cumulative savings required - to be identified	-395	2	286	536
	250	500	750	1,000

2. RECOMMENDATION

- 2.1 To approve the three year budget as proposed in the report.
- 2.2 To recommend to Derby City Council that net savings generated by Derby Homes are retained within the management fee to enable the creation of a new build revenue subsidy budget.

3. MATTER FOR CONSIDERATION

- 3.1 DH Board received a report in July 2012 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 DH Delivery Plan.
- 3.2 The draft budget was prepared after consultation with budget managers and presented to a Budget Scrutiny Group which convened on 23 November 2012. It was also discussed and approved at the Resources, Remuneration and Regeneration Committee meeting on 3 January 2012.

Maintenance

- 3.3 Movements in the Repairs and Maintenance management fee are shown in Appendix 1. The principal changes each year are in respect of inflation, budget transferred from the management fee operations, and stock adjustments.
- 3.4 The income levels from the management fee are consistent with the HRA Business Plan proposed to the Council. This includes substantial funding from DCC in recognition of the increased work required to comply with changes in the inspection period for electrical testing on properties from 10 years to 5 years. Permanent funding of £130,000 has been made available in 2013/14 and a further £120,000 in 2014/15.
- 3.5 Appendix 2 shows the net budgets for DH Maintenance operations. Overall, it is planned for these budgets to operate on a break even basis, as known pressures and savings opportunities have been factored into the base budgets.
- 3.6 Appendix 3 shows the major changes in the Repairs and Maintenance budgets for 2013/14 compared to 2012/13.
 - 3.6.1 Savings continue to be made within the day to day repairs team following the Business Transformation programme. In 2013/14 £311,000 has been identified from the agency, sub contractor and call out budgets. Also, following the investment in new vans in 2012/13, the transport budget can be reduced by £81,000 realising savings arising from purchasing rather than hiring vehicles.
 - 3.6.2 These savings have been re-invested within the service enabling significant additional resources across a number of areas. This includes £454,000 in the gas and electrical teams to comply with changes in legislation, plus £217,000 funding to ensure that all posts are fully budgeted for by removing the staff turnover assumption.
 - 3.6.3 The Business Transformation programme will continue in day to day repairs with the introduction of a new materials supplier contract. Although savings have not been budgeted from this, it is thought that savings will arise by consolidating

- suppliers.
- 3.7 Capital works shown in Appendix 2, relating to kitchen and bathrooms refurbishments are now forecasted at 360 properties for each annually.
- 3.8 Provision of £103,000 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 £155,000 and is met from corporate overheads. From 2014/15 additional resources have been allocated to cover an expected increase in the level of employer contributions from 10.9% in 2013/14 to an estimated 15% in 2014/15.

Management

- 3.9 Changes in the principal fee income are shown on Appendix 1. These figures are consistent with the HRA Business Plan proposed to the Council. Consideration is made for inflation and stock movements as well as mainstreaming £50,000 for Family Intervention Programme and £100,000 for Youth Intervention programme following the ending of Estates Pride funding.

Also in 2013/14 a further £250,000 reduction for Business Transformation savings in the management fee has been incorporated. The final real term reduction in the principal fee is set for £250,000 in 2014/15. This will mean that a total of £1m has been taken out of the management fee since 2011/12 relating to Business Transformation savings.

- 3.10 Appendix 4 shows the summarised Housing Management budgets for 2013/14 to 2015/16. These reflect a number of budget pressures that have had to be tackled, see Appendix 5 for details.

The major change is the loss of £790,000 Supporting People grant funding used on the Supported Living and Tenancy Support service. This is planned to be mainly financed through a rent add on in future if the service charge option is not feasible. If these funding options do not materialise other options include reducing the service and funding directly from the HRA and / or DH.

Other pressures include £221,000 for seven officers relating to work arising from Welfare Reform changes. A total of £242,000 has been allocated to remove the budgeted savings during staff turnover times to reflect the more static workforce and £111,000 to cover accommodation related costs during the dual running of the Council House and Cardinal Square.

- 3.11 Appendix 5 also shows the continued success of the Business Transformation programme detailing £366,000 of efficiency savings achieved with no detrimental impact on service delivery.

New Build Revenue Budget

- 3.12 It is proposed to re-invest remaining savings across DH into a revenue budget to support the annual net costs of new build properties.

Based on current assumptions, a 2 bedroom house costing £80,000, borrowing at 4.5% and rents at target rent +5% the annual net cost per property is £2,500. Subject to consultation with tenants over this investment opportunity and approval from DCC is it planned to create a £1m new build revenue support budget which

will fund the costs of up to **400** new homes outside of the HRA debt cap.

This is factored into these budget plans – see Appendix 6. This shows that encouragingly Derby Homes is already £464,000 towards this target by 2015/16 meaning that savings of £536,000 are to be identified across DH over the next four years to reach the ultimate £1m target.

Business Transformation Savings

- 3.13 Business Transformation savings are shown in Appendix 7. The target set by DH 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.
- 3.14 The savings already generated by the programme means that by 2013/14 in excess of £1.2m of savings should be delivered, with a further £274,000 planned in 2014/15 following the accommodation move changes and revisions to the Tenancy Support service
- 3.15 The additional savings achieved above and ahead of the target has enabled DH to build up reserves over the past few years.

Reserves

- 3.16 At 31st March 2013, DH is forecasted to have reserves totalling £4m. The proposed actions for use of these reserves are :-

Description	£'000
Previously approved uses	
General contingency, now set at 4% of turnover (5% previous)	1,300
Repairs on properties acquired at Poets Corner	600
Business Transformation / Restructuring costs	500
	2,400
Proposed new projects	
Communal room IT investment	70
Gas related works (over three years)	650
Electrical related works	700
Development pump priming costs	150
Scooter store at Whitecross House	30
	1,600
TOTAL	4,000

Reserves are planned to be used to fund one off related costs on the above areas.

- 3.17 Communal Room IT - £70,000 investment in PC's and door entry locks in 25 common rooms. This is to provide IT facilities for tenants to increase their access to broadband.
- 3.18 Various gas works –
- £360,000 arising from condemned gas fires, to cover the removal of the old fire and cost of electric fire replacements. Approx 720 fires over three years

- are likely to need replacing.
 - £80,000 for increased time spent servicing gas cookers to comply with legislation changes
 - £120,000 for works relating to breakdown repairs costs from gas boilers out of warranty (5,264 are out of warranty between 2013/14 and 2015/16; boilers are currently replaced on a 14 year cycle).
 - £50,000 for replacement emergency gas control valves in approx 850 properties following works to the gas main by Amey (utility contractor).
 - £40,000 for inspection hatches and clips to concealed gas flues to comply with legislation changes
- 3.19 Electrical inspections - £700,000 cost of inspections and remedial works due to changes in guidance around electrical inspections in domestic properties to be undertaken on a 5 year rather than a 10 year cycle. Approx 6,000 properties have been assessed as being over 5 years since their last inspection. In order for these to be re-inspected in one year then £700,000 is required to fund 3 additional posts, 6-8 agency staff and external sub contract support. It is likely that another spike in inspections could arise in 2018/19 and in future 5 year periods. These spikes could be evened out by a more gradual period of re-inspection but this needs to be assessed against any risk arising from knowingly delaying inspections on properties that are already past their recommended inspection period.
- 3.20 Development pump priming - £150,000 to cover set up costs associated with possible site acquisitions and new build proposals. Certain costs such as feasibility studies, surveys and professional fees can only be capitalised if the works actually go ahead. As with any new development proposals there will be a number of options explored some of which will not come to fruition and associated costs need to be covered.
- 3.21 Whitecross House scooter store - £30,000 to provide a facility to store scooters for residents. Currently these are being stored in corridors creating a health & safety risk by partially blocking the corridors. Such stores are already available at Kestrel House and Rebecca House.

Overall

- 3.22 The budget plan requires £286,000 by 2015/16, rising to £536,000 in 2016/17 in order to create the £1m new build revenue support budget. The early delivery of savings ahead of schedule is leading to a temporary surplus in 2013/14 of £395,000
- 3.23 Overall, this budget delivers :
- Business Transformation savings in excess of the original target, leading to a temporary surplus of £395,000 in 2013/14
 - Assistance to DCC in exceeding their 2013/14 and 2014/15 planned savings from a review of Housing Management
 - Funding to tackle major pressures within Housing Management and Maintenance
 - Cyclical maintenance budgets to continue at the enhanced levels
 - The continued practice of driving out efficiencies targeting £536,000 of savings over four years to be re-invested in a £1m budget by 2016/17 to fund the creation of up to 400 homes outside of the Housing Revenue Account, subject to tenant and DCC approval.

4. CONSULTATION IMPLICATIONS

The draft budget was prepared after consultation with budget managers and presented to a Budget Scrutiny Group which convened on 23 November 2012. This included representatives from tenants and leaseholders.

Resources, Remuneration and Regeneration Committee meeting on 3 January 2012 also reviewed and discussed this budget.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

Those reflected in the body of the report and the draft operating budget booklet attached.

6. LEGAL AND CONFIDENTIALITY IMPLICATIONS

The Board of DH 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.

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Background Information: None

Supporting Information: None

Management

Core Fee	Total	Est Service Charges	Management total
£000	£000	£000	£000

2012/13

8,694	8,694	292	8,986
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2013/14

Increase in Fee for FIP	50	50		50
Increase in Fee for YIP	100	100		100
Increase in Fee for Asset Rent (LR)		0		0
Increase in Fee for Electrical Testing		0		0
Revised income forecast		0		0
Inflation	146	146	19	165
management fee reduction	-250	-250		-250
Stock Adjustment	-12	-12		-12
	8,728	8,728	311	9,039

2014/15

Inflation	296	296		296
management fee reduction	-250	-250		-250
Growth				
Stock Adjustment	-25	-25		-25
	8,749	8,749	311	9,060

2015/16

Inflation	218	218		218
Growth				
Stock Adjustment	-30	-30		-30
LGPS inflation	0	0		0
	8,937	8,937	311	9,248

Maintenance

Maintenance	Est Service Charges	Maintenance Total	Total inc Service Charges
£000	£000	£000	£000

14,058	655	14,713	23,699
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		0	50
		0	100
42		42	42
130		130	130
	135	135	135
295	21	316	481
		0	-250
-20		-20	-32
14,505	811	15,316	24,355

311		311	607
		0	-250
120		120	120
-22		-22	-47
14,914	811	15,725	24,785

246	24	270	488
0		0	0
-48		-48	-78
		0	0
15,113	835	15,948	25,195

REPAIRS AND MAINTENANCE 3 YEAR BUDGET PLAN

Appendix 2

	2012-13 £	2013-14 £	2014-15 £	2015-16 £
Repairs and Maintenance Budget Allocation	14,058,000	14,504,554	14,914,167	15,112,733
Service Charges	655,000	811,000	811,000	835,000
Fee plus service charges	14,713,000	15,315,554	15,725,167	15,947,733
Capitalised Salaries Budget Allocation	374,021	700,000	718,859	728,565
Estates Pride Income	62,000	0	0	0
Capital Works Budget Allocation	2,350,000	2,079,314	2,160,865	2,177,602
	17,499,021	18,094,869	18,604,891	18,853,900

Head of Repairs - Revenue

Cost Centre	2012-13 £	2013-14 £	2014-15 £	2015-16 £
Day to Day Repairs	4,069,750	3,985,653	4,053,201	4,127,061
Gas	1,987,272	2,122,540	2,189,716	2,233,401
Voids	2,381,423	2,513,236	2,584,036	2,632,840
Electrical Testing	348,571	628,039	648,228	569,490
Smoke Alarms Testing	0	100,248	102,515	104,839
Damp Proofing Works	0	60,000	61,500	62,423
Business Processes and Procurement	0	122,654	127,045	129,321
Facilities Management	380,532	427,752	441,117	449,502
Open Contractor Maintenance	197,219	204,294	210,712	214,014
TOTAL REPAIRS BUDGET	9,364,767	10,164,416	10,418,070	10,522,891

Head of Planned Maintenance

Cost Centre	2012-13	2013-14	2014-15	2015-16
Specialist Works - Staff Costs	214,942	177,985	184,583	187,967
Alarms & fire equipment	485,000	347,713	365,099	383,354
Entry systems, CCTV & aerials	125,000	125,000	131,250	137,813
Lifts	90,000	90,000	94,500	99,225
Water safety	30,000	25,000	26,250	27,563
Asbestos sampling	30,000	65,000	35,000	10,000
Energy performance certificates	30,000	30,000	31,500	33,075
Structural repairs	50,000	50,000	52,500	55,125
Drainage	100,000	60,000	63,000	66,150
Other servicing	7,000	7,000	7,350	7,718
	1,161,942	977,698	991,032	1,007,990

Cyclical Maintenance - Staff costs	168,102	160,114	165,997	169,016
Repairs prior to painting	693,000	710,000	710,000	716,625
External painting	720,000	740,000	777,000	793,800
Lobby refurb	250,000	200,000	210,000	220,500
Social Enterprise	250,000	0	0	0
Home dec scheme	250,000	250,000	262,500	275,625
	2,331,102	2,060,114	2,125,497	2,175,566
Estates Services - Staff Costs	107,475	105,209	139,153	141,178
Grounds maintenance	669,388	680,000	714,000	749,700
Tree maintenance	226,819	190,000	199,500	209,475
Playground inspections	70,000	60,000	63,000	66,150
Tenant's garden scheme	100,000	100,000	105,000	110,250
Communal cleaning	177,000	180,000	189,000	198,450
	1,350,682	1,315,209	1,409,653	1,475,203

TOTAL PLANNED MAINTENANCE

4,843,726	4,353,020	4,526,182	4,658,759
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Investment and Regeneration - Staff Costs

314,631	498,199	512,550	519,993
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Central Pension contribution (prev years)

251,876	103,000	145,230	146,682
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Kitchen replacements	1,749,666	1,210,215	1,239,006	1,249,192
Capitalised Salaries for HRA programme	374,021	517,126	535,985	545,691
Bathroom replacements	600,334	869,099	921,859	928,410
Total Capital Budget	2,724,021	2,596,440	2,696,850	2,723,293

TOTAL BUDGET (MAN FEE & CAPITAL)

17,499,021	17,715,075	18,298,881	18,571,617
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(Surplus) / Deficit Budget

0	-379,794	-306,009	-282,283
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Contribution towards new build costs

0	379,794	306,009	282,283
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Overall (surplus) / deficit

0	0	0	0
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Maintenance Budget - Reconciliation of budget movements

Appendix 3

	£'000
Budget 2012-13 (inc service charges)	17,499
Less Kitchen & Bathrooms	-2,350
Less capitalised salaries	-374
Revised base 12/13 budget	<u>14,775</u>

Budget 2013-14	18,095
Less Kitchen & Bathrooms	-2,079
Less capitalised salaries	-700
Revised base 13/14 budget	<u>15,316</u>

Net change in budget	541
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Explanation of Changes - Savings

Increase in Fleet Depreciation charge following acquisition of vehicles	172
Reduce Fleet Hire Charges Budget following acquisition of vehicles	-215
Reduction in fleet R&M budget - due to new vehicles	-38
	<u>-81</u>
Reduction in lobby refurbishment budget - to match anticipated spend	-50
Reduction in day to day repairs call out, agency & sub contractors budget following Business transformation	-311
Saving in alarms & fire equipment budgets - to match anticipated spend	-47
	<u>-489</u>

Explanation of Changes - Pressures / Investments

Increase in Electrical Testing costs following change in inspection review periods	371
Inflation - estimated	347
Contribution towards new build revenue costs	380
Contribution to Councils review of Housing Management proposals	91
Gas servicing & breakdowns - increase due to increased legislation requiring additional works	83
Anticipated reduction in Public Buildings contract overhead contribution	70
Increased contribution from management fee for Estates Maintenance team following reduction in contributions available from Estates Pride funding	47
Open Contractor support - transfer of direct staff plus making permanent temporary roles	44
Increased general repairs budget for London Road depot	30
Increase in waste transfer station costs due to landfill tax increases	30
Increase in IT Depreciation following investments	27
Implementation of living wage proposals	15
	<u>1,535</u>

Technical Adjustments

Revision to Derby Homes management & admin time apportionment to Repairs & Maintenance	573
Introduce notional financing charge to Repairs for van purchases	20
Introduction of fixed fee charging for DCC capital works	(300)
Removal of Social Enterprise / Fencing budget	(250)
Removal of contingency budgets and review of individual budget lines	(765)
Revision to staffing budgets to remove turnover assumption	217
	<u>-505</u>

Net changes to budget from 12/13 to 13/14	<u>541</u>
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Housing Management Budgets 2013/14 - 2015/16

Service description	Activity type	Budget 2013/14 £	Budget 2014/15 £	Budget 2015/16 £
PRINCIPAL FEE				
S310450 MANAGEMENT FEE		(8,727,518)	(8,749,518)	(8,937,518)
		<u>(8,727,518)</u>	<u>(8,749,518)</u>	<u>(8,937,518)</u>
<u>DIRECTOR OF HOUSING & CUSTOMER SERVICE</u>				
HOUSING MANAGEMENT				
H110100 AREA MANAGEMENT		536,173	559,567	572,546
H110300 HOUSING OFFICERS		1,078,987	1,129,276	1,155,177
H110750 ALLOCATIONS TEAM		183,318	191,902	196,317
H150200 ENQUIRY CENTRE		448,580	469,930	480,786
H110550 CONCIERGE		4,222	4,257	4,271
H130400 SHELTERED HOUSING		143,010	149,626	156,572
H140100 LANDLORD SERVICES-GENERAL		177,685	190,771	204,483
C410100 EATON COURT		547	9	(901)
H110110 HOUSING MANAGEMENT OVERHEAD		218,693	224,273	229,992
H110200 ARREARS OFFICERS		626,815	656,142	671,224
IT DEPRECIATION		146,000	124,000	130,000
H110150 NEIGHBOURHOOD MANAGEMENT	Non Core	120,561	127,047	126,746
H110600 NEIGHBOURHOOD SAFETY TEAM	Non Core	201,210	210,494	215,273
H110650 COMMUNITY WATCH PATROL	Non Core	102,605	107,289	109,732
		<u>3,988,407</u>	<u>4,144,584</u>	<u>4,252,219</u>
AREA OFFICES				
H120100 SUSSEX CIRCUS		23,988	24,462	24,956
H120200 ALLENTON		23,810	24,280	24,767
H120220 OSMASTON		13,843	14,111	14,389
H120300 ALVASTON LIBRARY		4,000	4,100	4,203
H120400 STOCKBROOK STREET		29,265	29,744	30,240
H120500 MACKWORTH LIBRARY		6,700	6,775	6,852
H120520 BROOK STREET		16,857	17,151	17,455
H120600 SINFIN		22,725	23,070	23,429
		<u>141,188</u>	<u>143,693</u>	<u>146,291</u>
SUPPORTED LIVING				
C420400 FAMILY INTERVENTION PROJECT	Non Core	145,417	152,618	156,334
H110800 TENANCY SUSTAINMENT	Non Core	(40,363)	(32,297)	(28,126)
H110700 HRA SUPPORTED LIVING		24,421	25,470	26,047
H130200 SUPPORTED LIVING SERVICE	Non Core	104,627	60,684	11,195
		<u>234,102</u>	<u>206,475</u>	<u>165,450</u>
INITIATIVES				
H150300 RESIDENT INVOLVEMENT		189,181	195,803	199,285
H150350 COMMUNITY INITIATIVES	Non Core	109,192	113,329	115,471
H150400 COMMUNICATIONS		88,625	92,106	93,886
M210100 REGENERATION		(4,491)	(2,404)	(1,315)
S310500 INITIATIVES	Non Core	-	-	-
		<u>382,507</u>	<u>398,834</u>	<u>407,327</u>
DCC GENERAL FUND				
C410300 HSG OPTIONS HOMELESS INITIATIVE	Non Core	(1,455)	(1,349)	(1,927)
C410400 LONDON ROAD HOMELESS ACCOMM	Non Core	(7,732)	(7,607)	(7,778)
C410500 MILESTONE HOUSE	Non Core	(2,520)	(2,704)	(2,890)
C410600 IMARI PARK & PARK HOMES	Non Core	(34,134)	(35,158)	(36,212)
		<u>(45,841)</u>	<u>(46,818)</u>	<u>(48,807)</u>
		<u>4,700,363</u>	<u>4,846,768</u>	<u>4,922,480</u>

Housing Management Budgets 2013/14 - 2015/16

Service description	Activity type	Budget 2013/14 £	Budget 2014/15 £	Budget 2015/16 £
<u>DIRECTOR & COMPANY SECRETARY</u>				
<u>CORPORATE OVERHEADS</u>				
S310400 CORPORATE OVERHEADS		796,770	829,272	866,087
S310410 HEAD QUARTERS		556,775	317,876	330,574
H150100 PERFORMANCE MGT		99,468	106,437	110,045
S310100 DIRECTORATE & SUPP SERV		265,071	276,408	282,785
S310150 LEGAL		127,332	130,955	133,600
S310200 PERSONNEL & STAFFING		512,948	530,693	541,729
S310300 FINANCE		485,551	508,010	519,639
S310350 IT		1,293,147	1,332,159	1,364,842
MANAGEMENT FEE RECHARGE		(772,042)	(772,042)	(772,042)
		3,365,021	3,259,769	3,377,260
<u>TRADING ACCOUNTS</u>				
C420100 SPIRITA HSNQ POET'S CORNER	Non Core	(5,000)	-	-
C420200 NCHA BEDFORD STREET	Non Core	(8,830)	(9,051)	(9,283)
C420350 LILLIAN PRIME TRUST	Non Core	(4,149)	(4,149)	(4,149)
C420500 GREEN HILL APARTMENTS	Non Core	(5,563)	(5,563)	(5,563)
C420600 DERBY HOMES NEW BUILD	Non Core	(9,100)	(10,341)	(13,278)
C420610 DERBY HOMES POETS CORNER	Non Core	(15,000)	(30,000)	(30,000)
C420700 LEYTONSTONE DRIVE	Non Core	(3,250)	(4,290)	(5,388)
C420900 LEASEHOLDER REPAIR SCHEME	Non Core	(200)	(220)	(241)
		(51,092)	(63,614)	(67,902)
		3,313,929	3,196,155	3,309,358
H150150 WELFARE REFORM	Non Core	100,918	105,660	108,104
S310310 RENTAL CONTROL		191,689	193,605	198,445
<u>CONTINGENCY & PENSION</u>				
CONTINGENCY		-	-	-
LGPS		155,220	214,979	217,129
		155,220	214,979	217,129
		3,761,755	3,710,398	3,833,035
<u>Total Net Expenditure</u>				
Contribution to new build revenue		(265,400)	(192,352)	(182,003)
Net budget		265,400	192,352	182,003
		-	-	-
<u>Core</u>				
Core		(1,012,634)	(926,744)	(880,023)
<u>Non Core</u>				
Non Core		747,234	734,392	698,020

Appendix 5

Housing Management Budget - Reconciliation of changes

	£'000	£'000
Budget 2012/13		(337)
Movement in Management Fee with Council		(34)
Business transformation		
Reduction in IT Depreciation post major investment	(105)	
Savings in insurance contract following re-tender	(91)	
Savings on premises costs following Resident Involvement Team vacating Gower Street office	(33)	
Savings in Serco IT Contract	(30)	
Restructure of Personnel team	(27)	
Savings in Accountancy agency staff	(25)	
Savings in Storage following review of requirements	(10)	
Savings in Hybrid mail	(10)	
Reduction of 1 Community Watch patrol vehicle	(12)	
Reduction in Councils SLA's costs	(9)	
Absorbing Housing Management functions on Spirita properties	(7)	
Additional Annual Leave purchased by staff	(3)	
Savings from ceasing production of rent statements	(3)	
Savings in Occupational Health contract following re-tender	(1)	
		(366)
Technical Adjustments		
Revision to Derby Homes management & admin time apportionment to Repairs & Maintenance	(573)	
Introduce notional financing charge to Repairs for van purchases	(20)	
Revision to staffing budgets to remove turnover assumption	242	
		(351)
Other savings		
Budget review - many minor adjustments to costs in line with actual expenditure	(34)	
Increase in concierge service charge income	(10)	
Eliminate Contingency	(200)	
		(244)
Inflation		141
Major pressures		
<u>Welfare Reform</u>		
Additional 4 Income Officers for Welfare reform (plus overtime)	148	
Additional 2 posts for Welfare Reform Project Officers	51	
Additional Rental Control officer for Welfare Reform	22	
	221	
Net impact on Tenancy Support & Supported Living following loss of Supporting People grant less new rent add on charge	252	
Contribution to Councils review of Housing Management proposals	197	
Dual headquarter running costs in 2013/14 (one off)	111	
IT running costs in common rooms following IT investment across 24 sites	11	
Reduction in Family Intervention Project funding	53	
Salary Increments	53	
Tenant Reward Scheme increased	23	
Increased contribution to DACP	5	
		926
Total Net Expenditure 2013/14		(265)
Contribution to new build revenue		265
Net Budget 2013/14		0

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Target level of support	250	500	750	1,000
Number of new homes outside of HRA	100	200	300	400

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
<u>Contributions from existing budgets</u>				
Housing management	265	192	182	182
Repairs & Maintenance	380	306	282	282
	645	498	464	464
Balance of cumulative savings required - to be identified	-395	2	286	536
	250	500	750	1,000

DERBY HOMES - Business Transformation Summary
Housing Management

Appendix 7

	11/12	12/13	13/14	future	Total
	£000	£000	£000	£000	£000
Reduction in management fee	250	500	750	1000	
Budget 2011/12	315				
Essential Car Allowances		83			
salary savings		270			
rent statements		30	3		
Flexible Leave		12	3		
Staff conferences/awaydays/briefings/party		11			
training costs		16			
recruitment advertising		15			
language line		4			
HR and Occ Health lower costs		13	2		
It licences		5			
taxis		2			
plants / flowers		3			
Professional charges		13			
Imari Park		21			
Budget 2012/13	315	498	8		821
Budget 2013/14					
SERCO - up to (requires some investment etc)		30			30
Review of storage requirements			10		10
Savings from hybrid mail			10		10
DCC SLA charges			9		9
Absorb Housing management functions on acquired Spirita properties			7		7
First care contract		2			2
reduction in Support Service staffing (admin/HR)			27		27
reduction in Support Service staffing (finance)			25		25
Community Watch Patrol - reduction of one vehicle			12		12
Insurance contract tendered		90			90
Review of Tenancy support service				130	130
IT depreciation			105	16	121
DACP move to London Road			33		33
		122	238	146	506
Items not in budget process:					
Still being developed for future savings:					
Remote Mail			10		
storage costs			10		
Additional savings since budget			20		20
Achieved at June 2012	315	620	266	146	1347
Distance to target:					-147
Target					1200
Future savings:					
Protected salaries				27	27
Move to Council house				100	100
Achieved and planned at Dec 2012	315	620	266	273	1474
Cumulative savings - management	315	935	1201	1474	
Ahead (behind) target	65	435	451	474	

DERBY HOMES - Business Transformation Summary
Maintenance

	2011/12	2012/13	2013/14	future	TOTAL
	£000	£000	£000	£000	£000
Target savings (cumulative)	250	500	750	1000	
Savings within 2012/13 budget:					
Car allowances		43			
Subsequent to 2012/13 budget:					
Van replacements purchase not lease and fewer	0	92	142		234
Procurement:					
Electrical Supplier	91	91			182
New Kitchen unit supplier	78	55			132
New Tap supplier	40	28			69
Non electrical buildbase replacement contract	90	10			100
Showers	29	3			31
New GlassProvider		26			26
Changes to Staffing and core operations:					
Review of Saturday morning working	8	13			21
Review of out of hour provision		50			50
Change in Benchmarking Organisation		4			4
Reduction of staff, agency and subcontractors	0	275	194		469
Achieved and planned at June 2012	336	690	336	0	1362
Cumulative savings - maintenance	336	1026	1362	1362	
Ahead (behind) target	86	526	612	362	
Total cumulative savings - management and maintenance	651	1961	2563	2836	
Ahead (behind) target	151	961	1063	836	
Ahead (behind) final target of £2.2m		-239	363	636	

Chart:	2011/12	2012/13	2013/14	2014/15
Target savings	300	600	900	1200
Achieved	315	935	1201	1474