

CITY BOARD
25 AUGUST 2011

ITEM A10

CHARGES FOR THE CONCIERGE SERVICE

Report of the Director of Housing and Customer Service

1. SUMMARY

This report explains the outcome of a review of the current funding arrangement for the Concierge service for Rivermead House flats, Duke Street and Bath Street maisonettes. At the moment this produces a significant deficit for Derby Homes. The report outlines a range of options for the City Board to consider prior to consulting with residents.

2. RECOMMENDATION

2.1 The City Board is asked to consider the attached range of options which will be subject to consultation with residents.

- an entirely self financing range of options
- a range of options that include costs borne by Derby Homes and other tenants who do not benefit from the service

3. MATTER FOR CONSIDERATION

3.1 The Concierge Service was set up in December 1994, and provides a service as follows:

Day	Opening Hours (am)	Opening Hours (pm)
Monday	08.00 - 10.00	16.00 – 24.00
Tuesday	08.00 - 10.00	16.00 – 24.00
Wednesday	08.00 - 10.00	16.00 – 24.00
Thursday	08.00 - 10.00	16.00 – 24.00
Friday	08.00 - 10.00	16.00 – 24.00
Saturday	08.00 - 10.00	16.00 – 24.00
Sunday		17.00 – 24.00

3.2 The service provided consists of:

- Monitoring of CCTV cameras in Rivermead Housing Office and responding to any issues identified
- Providing a reception service on the ground floor of Rivermead House
- Caretaking and patrolling of communal areas in Rivermead House and nearby maisonettes.

- 3.3 The service was originally intended to be self financing. The service charge has been incrementally increased since 1994 and is now £1.93 per week. A range of properties benefit from the service and all pay a rental addition. The properties benefitting are:
- Rivermead House
 - Britannia Court
 - Duke Street and Bath Street Maisonettes
- 3.4 The original intention was for this service to be extended to other blocks but this proved too difficult to implement. We still have CCTV cameras in other locations and the residents pay a charge for their maintenance. Images can be retrieved historically if there is any nuisance.
- 3.5 The total cost of providing the Concierge Service in 2010/11 was £81,897. The total income from service charges was £10,838. This means there was a deficit of £71,058 funded by Derby Homes and in effect, other tenants who do not benefit from the service. A spreadsheet showing this is attached at appendix 1.
- 3.6 Derby Homes spends £7,458 per year on contract cleaning for Rivermead House and the upper floor maisonettes at Bath Street and Duke Street. The time allotted on the contract is 680 minutes per week or just over 2 hours per day. This is for one operative. The cost of this also theoretically comes out of the £1.93 rental addition as there is no separate service charge for contract cleaning. Tenants and leaseholders at all other blocks in the City, that benefit from contract cleaning, pay a separate charge.
- 3.7 The concierge service is currently operated by 3 members of staff. These are:
- A Caretaker, working daytime
 - A Concierge Officer, working 4.30 – Midnight, Sunday to Thursdays
 - A Part time Concierge, working 4.30 – Midnight Friday and Saturday. This post is now vacant.
- 3.8 A review of the Concierge service has been carried out. The evidence shows that there is very little need to open beyond 8.00pm at night. On the other hand we know that residents feel reassured that there is a presence on site until midnight each night. Many residents do not understand that running this service is very expensive and is not covered by the service charge they pay. If we were to attempt to make the current service self financing, we would need to increase the service charge to £14.58 per week. This assumes that all residents pay the same charge. This would be extremely unpopular. The workings for this are shown at appendix 1.
- 3.9 The alternative is to offer residents a range of options with reduced overall costs. All of these involve removing contract cleaning. In previous years, the caretaker was responsible for cleaning. This can now be easily reinstated because we no longer have responsibility for cleaning and caretaking at Britannia Court. The range of options also includes a reduced level of cover on the concierge desk.
- 3.10 The following table summarises the possible range of options. The differences in service levels for residents at Rivermead House and the maisonettes at Bath Street and Duke Street have been reflected in the range of charges. This is because

residents at Rivermead House benefit most from the Concierge service. All of the options also include a lower charge for tenants and leaseholders in the ground floor maisonettes at Bath Street and Duke Street. At the moment they pay the same as all other residents but receive a lower level of service. Detailed workings for this are shown in appendix 2.

Option	Service level	Rivermead House (93)	Upper floor maisonettes (12)	Ground floor maisonettes (12)
1.	Cleaning and caretaking provided by on site caretaker. Concierge office open 8.00 – 10.00 am only, Monday to Friday	£6.42	£5.23	£1.07
2.	Cleaning and caretaking provided by on site caretaker. Concierge office open 8.00 – 10.00 am and 5.00 – 8.00 pm, Monday to Friday	£8.08	£6.51	£1.36
3.	Cleaning and caretaking provided by on site caretaker. Concierge office open 8.00 – 10.00 am, 5.00 – 8.00 pm, Monday to Friday and 9.00 am to 12 noon or 5.00 – 8.00 pm Saturday	£8.44	£6.79	£1.43

3.11 All three options are self financing and produce a saving of £71,058 a year.

3.12 Clearly all three options still involve a considerable increase in service charge. City Board members may prefer that residents are consulted on this range of options but with a continued contribution from Derby Homes and other tenants who do not benefit from the service. The table below summarises the impact of applying a cap of £3.00, £4.00 and £5.00 to the service charge options as above. These caps could be applied over future years to move up to the selected option in 4 steps.

Cap at £3.00	Rivermead House	Upper floor maisonettes	Ground floor maisonettes	Cost to Derby Homes/other tenants	Overall saving on current costs
Option 1.	£3.00	£3.00	£1.07	£16,568	£54,490
Option 2.	£3.00	£3.00	£1.36	£24,703	£46,355
Option 3.	£3.00	£3.00	£1.43	£26,465	£44,593

Cap at £4.00	Rivermead House	Upper floor maisonettes	Ground floor maisonettes	Cost to Derby Homes/other tenants	Overall saving on current costs
Option 1.	£4.00	£4.00	£1.07	£11,528	£59,530
Option 2.	£4.00	£4.00	£1.36	£19,663	£51,395
Option 3.	£4.00	£4.00	£1.43	£21,425	£49,633

Cap at £5.00	Rivermead House	Upper floor maisonettes	Ground floor maisonettes	Cost to Derby Homes/other tenants	Overall saving on current costs
Option 1.	£5.00	£5.00	£1.07	£6,481	£64,577
Option 2.	£5.00	£5.00	£1.36	£14,623	£56,435
Option 3.	£5.00	£5.00	£1.43	£16,385	£54,673

4. CONSULTATION IMPLICATIONS

The purpose of this report is to obtain guidance from City Board on which option to consult residents on. Following consultation, a report will be submitted to the Council on these proposals including the outcome of the consultation process. That report will form part of a wider report on the ongoing review of service charges.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

These proposals will make a significant contribution to Derby Homes' business transformation objectives. Derby Homes has to make savings of £1.2M by 2015 to meet reductions in its fee. The level of the contribution will depend on the options chosen.

6. PERSONNEL IMPLICATIONS

The proposals will impact on current staffing levels. Any impact will be managed according to Derby Homes Personnel Procedures.

7. EQUALITIES IMPACT ASSESSMENT

There are no equalities implications arising from these proposals. An equalities impact assessment will be carried out on completion of the consultation exercise and form part of any report to the Council recommending a change to the current arrangements.

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

- Legal and Confidentiality
- 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.

Derby Homes Ltd
H110550 Concierge

Option 3 Staffed 37 + 18 hours

		Actual 2009/10	Budget 2010/11	Actual 2010/11	Budget 2011/12	Adjustments	Total	Rivermead House 93	Bath St 6	Bath St - ground floor 6	Duke St 6	Duke St - ground floor 6
		£	£	£	£	£	£					
Account Code Description					37 + 18 hours			(incl 14 leasehold)	(incl 5 leasehold)		(incl 2 leasehold)	
B1100	OPERATIONAL SALARIES-GENERAL	50,879	38,607	48,958	21,900	2,000	23,900	21,281	1,065	245	1,065	245
B1200	OPERATIONAL SALARIES-ER N.I.	3,381	1,905	3,602	1,058	124	1,182	1,052	53	12	53	12
B1300	OPERATIONALSALARIES-ER LGSUPN	5,180	5,250	4,081	3,219		3,219	2,866	143	33	143	33
	SUB TOTAL EMPLOYEE COSTS	59,440	45,762	56,641	26,177	2,124	28,301	25,199	1,261	290	1,261	290
	CCTV					416	416	333	21	21	21	21
C1100	BUILDING REPAIRS	400					0	0	0		0	
C2100	ELECTRICITY	1,197	1,300	1,017	1,300		1,300	1,151	74		74	
C3600	NON DOMESTIC RATES	970	951	1,764	1,800		1,800	1,594	103		103	
C4100	WATER - METERED	0	250	251	250		250	221	14		14	
C5100	CLEANING	123	200	0	500		500	443	29		29	
C5200	CONTRACTED SVS-OFFICE CLEANING	8,389	7,458	7,458	0		0	0	0		0	
	SUB TOTAL PREMISES COSTS	11,079	10,159	10,490	3,850	416	4,266	3,743	241	21	241	21
E1100	FURNITURE & EQUIPMENT	1,234	450	0	450	550	1,000	886	29	29	29	29
E4100	TELEPHONES-BT PHONES	926	1,250	693	1,250		1,250	1,107	71		71	
E4200	MOBILE PHONE	0	100	0	100		100	89	6		6	
E5500	MISCELLANEOUS EXPENDITURE	3	200	0	200		200	177	11		11	
	SUB TOTAL SUPPLIES ETC	2,163	2,000	693	2,000	550	2,550	2,259	118	29	118	29
		72,682	57,921	67,824	32,027	3,090	35,117	31,201	1,619	340	1,619	340
	Administration & other management costs	15% 10,902	8,688	10,174	4,804	464	5,268	4,680	243	51	243	51
	Bad Debt & Voids	5% 4,179	3,330	3,900	1,842	178	2,019	1,794	93	20	93	20
		87,764	69,940	81,897	38,673	3,731	42,404	37,675	1,955	411	1,955	411
	Per year/per tenant (117 tenants)	835.84	666.09	779.98	330.54	31.89	362.43	405.10	325.86	68.48	325.86	68.48
	Per week/per tenant (48 wks)	17.41	13.88	16.25	6.89	0.66	7.55	8.44	6.79	1.43	6.79	1.43