

# **ST LEGER HOMES OF DONCASTER** **LTD**

Company Number 05564649, A Company Limited by Guarantee  
Registered in England

## **Joint Area Board Meeting**

**Date:** 12 March 2007

**Item:** 3

**Subject:** St Leger Homes Revenue  
Monitoring Statement as at  
31 January 2007

**Prepared By:** Dean Rothwell  
Assistant Director of Financial  
Services

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**Purpose:** To advise board members on the actual  
spend to date and the projections for  
2006/07.

### **Recommendation**

This paper is submitted as information for board members

### Report Title

1. Financial Report of St Leger Homes Management Accounts for the period 1<sup>st</sup> April 2006 to 31<sup>st</sup> January 2007.

### Purpose

2. The purpose of this report is to provide financial management information to the board with regards to the period 1<sup>st</sup> April 2006 to 31<sup>st</sup> January 2007. The report explains the reasons for any large variances and also highlights any major concerns. The appendices show the overall position of the accounts and splits by directorate.

### Recommendation

3. It is recommended that the board note the projected outturn for 2006/07 based on current projections of expenditure, and also decide if the detail provided on the appendices is sufficient.

### Background

4. The projected outturn for St Leger Homes Company Accounts for 2006/07 shows a £459k efficiency saving, against a management fee of £30.125m. As mentioned previously, these efficiencies have been put in place to incorporate a number of service enhancements to tenants within the current financial year. Approximately £1.5m has been committed to finance these enhancements, which have been incorporated in the summary appendices to this report.

By Directorate:

Customer Services estimated outturn = £85k overspend  
Business Planning estimated outturn = £826k saving  
Property Services estimated outturn = £282k overspend

#### ***Reasons For the Variances by Directorate***

##### 4.1 *Customer Service:*

The overall position for the directorate is a £85k overspend, this is due to the service enhancements that will be funded from the overall efficiency savings from the organisation. Employee

expenditure is estimated to be under budget by £369k, this is due to vacant posts that exist within the directorate.

Within the premises budgets, utilities expenditure is projected to be over budget by £73k. The projections are based on actual spend to date. The actual spend to date includes billing on estimated meter readings. Gas and electricity usage is difficult to estimate and it is likely these projections will change.

IT equipment is projected to overspend by £57k this is due to approved service enhancement for IT which amount to £55k.

Printing and stationery is projected to overspend by £35k this is partly due to the requirements of leaflets on service improvement plans. Service enhancements of £4k have been approved for the inspection.

Supplies and Services other is projected to overspend by £221k this is due to the approved service enhancements amounting to £214k which have been included. These will be funded from the under spends anticipated within salaries.

Within customer services the total amount of service enhancements that have been approved amount to £390k the revenue monitoring includes an 80% anticipated spend of £312k.

#### 4.2 *Business Planning:*

The overall position for the directorate is a £826k efficiency saving. Direct Employee expenditure is estimated to be under budget by £68k, this is due to vacant posts that exist within the directorate. Indirect employee expenditure is projected to be under budget by £91k, this is due to the budget set aside for pensions and redundancy costs, which has not been required. Training is projected to overspend due to service enhancements of £40k that have been approved from the overall efficiency savings.

Within the premises budgets, furniture is showing an overspend of £39k this is due to the service enhancement approved expenditure for Unit 1 Ten Pound Walk, which requires new furniture.

Within Supplies and Services budget, IT expenditure is projected to overspend by £23k, this again is due to approved service enhancements for Unit 1 Ten Pound Walk.

Supplies and services other is projected to underspend by £103k due to the efficiency savings reported under this heading which

amounted to £264k. Service enhancements under this heading amount to £161k.

Following ongoing negotiations the Service Level Agreements (SLA) that SLHD have with the council have been projected to achieve savings of £628k.

The total amount of service enhancements approved within Business Planning is £392k, the report includes a projection to spend 80% of these enhancements, totalling £314k.

#### 4.3 *Property Services:*

The overall position for the Directorate is a £282k overspend, this is due to the service enhancements that will be funded from the overall efficiency savings from the organisation. The Management element shows a £927k saving, the maintenance element is projected to be over budget by £646k and income is projected to be down by £564k.

Taking management costs first, employee expenditure is estimated to be under budget by £879k, this is due to vacant posts that exist within the directorate. A number of vacant posts have been deleted under the Property Services re-alignment.

Within premises budgets, utilities expenditure is projected to overspend by £115k. A proportion of this overspend is due to old year bills having to be absorbed in this financial year. Repairs and Maintenance is projecting a £144k under spend. The majority of this is a reduction in costs for void property screening.

Within supplies and services, agency staff costs are estimated to be over budget by £467k, this is due to necessary cover within the Capital Programme and Decent Homes Team and the Repairs Call Centre. Materials expenditure is estimated to be under budget by £365k. This is based on seven months actual costs pro rated to the year end.

IT expenditure is now projected to be overspent by £161k, this is due to service enhancements within the directorate. There is £39k for new IT for additional staff within the Capital Investment Team and £112k for new IT systems and software.

Supplies and services other is projected to overspend by £189k due to numerous service enhancements within the directorate. The bulk being new tools and equipment to improve the service and efficiency for repairs and costs for market testing Building Services.

Service Level Agreements (SLA) that SLHD have with the council, have been projected to achieve savings of £288k for Property Services.

With regards to maintenance expenditure, this is estimated to be over budget by £646k. This overspend is due to the increased levels of work by the Public Buildings team within DMBC and also by Building Services of which the income generated will offset the respective element of the overspend. The splits on the responsive and planned figures are being reviewed, with the repairs programme being based on number of days to respond to an order, this will determine the type of work. As a result of this, responsive and planned actual costs are expected to come more in line with the budget split.

With regards to income, the other income element is projected to have a shortfall of £504k to budget, this is because it was anticipated the income was to be generated through schemes in the capital programme. Projections have only been pro-rated from actual income generated to date.

#### *Conclusion:*

The approved service enhancements have been reported under the relevant directorate and under the type of expenditure. Budgets virements have not been processed from areas of savings to the service enhancement budget heads as a significant amount of the efficiency saving was from employee costs, which cannot be vired from. These projections are based on information that is known to the budget holders at the time of preparing this report.

There are no major concerns to be reported following this revenue monitoring process. Revenue monitoring will be done throughout 2006/07 to ensure any concerns are reported as soon as they arise.

## **Consultation**

5. The relevant budget holders for St. Leger Homes have been involved in the revenue monitoring process, and will continue to be included in the future. Budget holders will be met quarterly and emailed on a monthly basis to inform the finance team of any changes following the quarter meetings that need to be incorporated into the report.

## **Legal Implications**

6. There are no legal implications arising from this report.

### **Financial Implications/Risk/Diversity**

7. All financial implications are incorporated into the body of the report.

### **Report Author**

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### **Background Papers**

9. Financial Monitoring Working Papers  
St. Leger Homes Budget Book 2006/07