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| Committee(s) | Dated: |
| Residents' Consultation Committee | 02 September 2019 |
| Barbican Residential Committee | 16 September 2019 |
| Subject: 2018/19 Revenue Outturn for the Dwellings Service Charge Account. | Public |
| Report of: The Chamberlain Director of Community & Children's Services | For Information |
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Summary

This report provides a summary of service charge expenditure. It compares the revenue outturn (i.e. actual net costs) for the Barbican Estate's Residential service charges with the latest agreed budget for the year ended 31st March 2019. A summary is provided in the table below:

| Table 1 - Summary Comparison of 2018/19 Revenue Outturn with Final Agreed Budget | | | |
|---|-----------------------------|------------------------|---|
| | Latest Agreed Budget | Revenue Outturn | Variations Increase/ (Reduction) |
| | £000 | £000 | £000 |
| Expenditure | (7,976) | (7,901) | (75) |
| Income | 9,209 | 9,340 | 131 |
| Net Recharges | (1,233) | (1,439) | (206) |
| Overall Totals | 0 | 0 | 0 |

A summary of the service charge reconciliation of the 2018/19 actuals as per the closed accounts above and the amount to be charged as a service charge is set out in the table below.

| Table 2 - Summary Service Charge Reconciliation 2018/19 | £000 |
|--|----------------|
| Actual Service Charge Expenditure Per Accounts | (9,505) |
| Less recharges and Barbican Estate Office adjustments | 169 |
| Final Service Charge Expenditure | (9,336) |

Recommendation

- It is recommended that this revenue report for 2018/19 and the service charge reconciliation are noted.

Main Report

Revenue Outturn for 2018/19

1. This report compares the revenue outturn for the dwellings service charge account overseen by your committee in 2018/19, with the final agreed budget for the year.
2. A summary of the expenditure with the final agreed budget for the year is shown below in table 3. In the various tables, figures in brackets indicate expenditure or adverse variances, decreases in income or increases in expenditure. Note a more detailed analysis of all service charge expenditure is attached at Appendix 2.
3. A reconciliation of the original budget to the latest approved budget is provided in Appendix 1.

| Actual 2017-18 £'000 | TABLE 3 - Service Charge Account | Original Budget £'000 | Latest Approved Budget £'000 | Actual 2018-19 £'000 | Variances £'000 | Para |
|----------------------------|---------------------------------------|-----------------------------|---------------------------------------|----------------------------|--------------------|------|
| | Expenditure | | | | | |
| (2,276) | Direct Employee Expenses | (2,439) | (2,492) | (2,487) | 5 | |
| 0 | Indirect Employee Expenses | (7) | (8) | (12) | (4) | |
| (2,276) | Total Employees | (2,446) | (2,500) | (2,499) | 1 | |
| (2,448) | Repairs and Maintenance | (1,805) | (2,456) | (2,532) | (76) | 4 |
| (2,304) | Energy Costs | (2,405) | (2,397) | (2,374) | 23 | 5 |
| (132) | Rents | (134) | (136) | (136) | 0 | |
| (15) | Rates | (18) | (18) | (15) | 3 | |
| (1) | Water Services | (3) | (3) | (1) | 2 | |
| (202) | Cleaning and Domestic Supplies | (228) | (230) | (166) | 64 | 6 |
| (133) | Grounds Maintenance Costs | (126) | (126) | (119) | 7 | |
| (5,235) | Total Premises Related Expenses | (4,719) | (5,366) | (5,343) | 23 | |
| (57) | Equipment, Furniture and Materials | (71) | (71) | (33) | 38 | |
| 0 | Catering | (1) | (1) | 0 | 1 | |
| (7) | Clothes, Uniform and Laundry | (12) | (12) | (7) | 5 | |
| (2) | Printing, Stationery | (7) | (7) | (4) | 3 | |
| (2) | Fees and Services | (1) | (1) | 0 | 1 | |
| (14) | Communications and Computing | (18) | (18) | (15) | 3 | |
| (82) | TOTAL Supplies and Services | (110) | (110) | (59) | 51 | |
| (7,593) | TOTAL Expenditure | (7,275) | (7,976) | (7,901) | 75 | |
| 8,919 | Income | 8,474 | 9,209 | 9,340 | 131 | |
| 1,326 | Net Income | 1,199 | 1,233 | 1,439 | 206 | |
| (1,472) | Recharges Expenditure | (1,374) | (1,410) | (1,604) | (194) | 7 |
| 146 | Income | 175 | 177 | 165 | (12) | |
| (1,326) | Total Recharges | (1,199) | (1,233) | (1,439) | (206) | |
| 0 | Total Service Charge Account | 0 | 0 | 0 | 0 | |

4. The overspend of £76,000 on Repairs and Maintenance costs is due to Increased expenditure on Drainage works, Miscellaneous repairs in particular for roof repairs. Remedial Work and Asbestos on the Barbican Estate. See analysis set out in appendix 3.
5. The underspend of £23,000 on Energy costs is due to milder weather during the winter months.
6. The underspend of £64,000 on Cleaning & Domestic Supplies is mainly due to lower expenditure on window cleaning.
7. The adverse variance on recharges is due to higher than expected charge received from Technical Services due to additional time spent by technical staff and a proportionally higher number of orders.

Service Charge Reconciliation 2018/19

8. The table below sets out the service charges reconciliation of the 2018/19 actuals as per the closed accounts and the amount charged to the lessees.

| Table 4 - Service Charge Reconciliation 2018/19 | £000 |
|---|----------------|
| Actual Service Charge Expenditure Per Accounts (direct 7901k+ gross recharge 1604k) | (9,505) |
| Less Fees, charges and cleaning and lighting recharges. | 143 |
| Less Barbican Estate Office adjustments | 26 |
| Final Service Charge Expenditure | (9,336) |

9. Time constraints imposed on the City Corporation to close the annual accounts do not allow adequate time for a full detailed examination of all the expenditure figures. Therefore, during the following months up to September, a close examination of the figures is carried out as part of drawing up the schedule of items to be recharged to long leaseholders. This usually results in some adjustments which are noted as Barbican Estate Office adjustments in Table 4, details are set out in Appendix 2.

Appendices

- Appendix 1 – Reconciliation of Original Budget to Latest Approved Budget.
- Appendix 2 – Detail of Barbican Estate Office adjustments
- Appendix 3 – Analysis of repairs, maintenance and minor improvements.

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Appendix 1

Reconciliation of Original Budget to Latest Approved Budget for Barbican Service Charge account.

| | £'000 |
|--|--------------|
| Original Budget | 0 |
| Increase in Repairs & Maintenance Costs – Mainly Supplementary Revenue Projects including concrete testing. (see Appendix 3) | (651) |
| Correction of recharge of House Officers | (34) |
| Revised estimates of employee costs | (54) |
| Balancing increase in expected service charge income | 739 |
| Latest Approved Budget | 0 |

Appendix 2

Table 4 - Details of Barbican Service Charge Expenditure and Estate office adjustments

| <u>Narration</u> | <u>Cross-Reference key</u> | <u>CBIS Actual</u> | <u>BEO Adjustment</u> | <u>Service Charge Schedule</u> |
|--|----------------------------|-----------------------|-----------------------|--------------------------------|
| | | £ | £ | £ |
| Electricity (Common Parts and Lifts) | 1 | (468,045.07) | (206.87) | (468,251.94) |
| Lift Maintenance | 2 | (322,143.57) | (4,020.47) | (326,164.04) |
| Resident Housekeepers (Additional Pension) | 3 | (276.42) | 0.00 | (276.42) |
| Resident Engineers | 4 | (431,853.46) | 0.00 | (431,853.46) |
| Furniture & Fittings | 5 | (10,986.20) | 0.00 | (10,986.20) |
| Window Cleaning | 6 | (126,515.22) | (21,309.89) | (147,825.11) |
| Cleaning Materials including refuse sacks | 7 | (22,537.97) | 0.00 | (22,537.97) |
| Cleaning Equipment | 8 | (17,307.76) | 0.00 | (17,307.76) |
| Estate Cleaners | 9 | (1,078,257.02) | 0.00 | (1,078,257.02) |
| Additional Refuse Collection | 10 | (14,667.68) | 0.00 | (14,667.68) |
| Garden Maintenance | 11 | (118,669.77) | 0.00 | (118,669.77) |
| Car Park Attendants | 12 | (646,322.69) | (1,066.69) | (647,389.38) |
| Hall Porters | 13 | (697,476.74) | 0.00 | (697,476.74) |
| Garchey Maintenance | 14 | (275,603.27) | 0.00 | (275,603.27) |
| Pest Control | 15 | (14,293.01) | 222.49 | (14,070.52) |
| General Maintenance (Estate) | 16 | (92,269.88) | 0.00 | (92,269.88) |
| Electrical Repairs (Common Parts) | 17 | (124,556.58) | 6,193.60 | (118,362.98) |
| Electrical Repairs (Exterior) | 18 | (10,572.48) | 0.00 | (10,572.48) |
| General Repairs (Common Parts) | 19 | (134,267.21) | 0.00 | (134,267.21) |
| General Repairs (Exterior) | 20 | (889,325.46) | 4,472.00 | (884,853.46) |
| Technical Services | 21 | (321,199.45) | 41,609.02 | (279,590.43) |
| House Officer | 22 | (141,785.06) | 0.00 | (141,785.06) |
| Estate-Wide proportion of Supervision & Management costs | 23 | (626,721.48) | 719.31 | (626,002.17) |
| Directly attributed Supervision & Management costs | 24 | 0.00 | 0.00 | 0.00 |
| Redecorations | 25 | (249,233.10) | 0.00 | (249,233.10) |
| Safety/Security | 26 | (48,173.52) | 0.00 | (48,173.52) |
| Water Supply Works | 27 | (86,526.31) | 0.00 | (86,526.31) |
| Concrete Works | 28 | (300,420.47) | 62,882.35 | (237,538.12) |
| Emergency Lighting | 29 | (6,784.00) | 0.00 | (6,784.00) |
| Asbestos Management | 30 | (101,143.12) | 0.00 | (101,143.12) |
| Roof Repairs | 31 | (70,000.00) | 0.00 | (70,000.00) |
| Asset Management/Stock Condition Survey | 32 | (4,071.93) | 0.00 | (4,071.93) |
| Redecorations Programme 2020-2025 | 34 | (7,620.00) | 0.00 | (7,620.00) |
| Water Tank Repairs/Replacement | 35 | (6,098.00) | 0.00 | (6,098.00) |
| Heating | 33 | (1,894,073.61) | (66,392.18) | (1,960,465.79) |
| Insurance | N/C | (2,778.82) | 2,778.82 | 0.00 |
| TOTAL | | (9,362,576.33) | 25,881.49 | (9,336,694.84) |

Appendix 3

Analysis of Repairs, Maintenance and Minor Improvements

| Costs to be charged to Long Lessees and Landlord. (The latter responsible for short term tenancies and voids) | Original Budget 2018/19 £000 | Latest Budget 2018/19 £000 | Actual 2018/19 £000 |
|---|------------------------------|----------------------------|---------------------|
| Responsive and Contract Servicing including Building | | | |
| Miscellaneous Works | (1,181) | (1,198) | (1,367) |
| IRS maintenance | (30) | (30) | (40) |
| Responsive and Contract Servicing - Lifts | (272) | (272) | (279) |
| Drainage Repairs / Remedial Work | (61) | (81) | (110) |
| Sub Total Responsive and Contract Servicing | (1,544) | (1,581) | (1,795) |
| Asbestos Removal | (110) | (110) | (101) |
| Electrical Testing | (10) | (10) | 4 |
| Redecorations Works | 0 | 0 | 1 |
| Upgrade Safety/Security Installations | (36) | (36) | (38) |
| Consultants Fees | (35) | (25) | |
| Emergency lighting to stairs, corridors and plant rooms | (20) | (20) | (16) |
| Asset Management | (50) | (150) | (4) |
| Supplementary Revenue Projects – Mainly concrete testing. | 0 | (524) | (583) |
| TOTAL | (1,805) | (2,456) | (2,532) |