

Leaseholders Service Charge Working Party

Report to RCC December 2019

Members

Anne Mason - Chair (BEO), Michael Bennett (BEO), Nicola Lloyd (BEO) Helen Wilkinson, Jane Northcote, Phillip Burgess, David Lawrence, David Graves, Adam Hogg, David Taylor

Meeting - 12 November 2019

Procurement

The meeting received a very positive presentation from the Commercial Director in charge of procurement. They are targeted with making savings above inflation. Having made substantial savings from the introduction of a centralised savings team in 2014 they are now looking to savings from further work with shifts from reactive maintenance to planned maintenance and more specialised skills in areas where they perceive opportunity still exists. The latter would include work on electricity supply which might involve long term price fixing.

The procurement subcommittee targets are available on the Corporation website.

This commercial and positive approach to achieving savings was applauded by the meeting

Selection of Service Charge categories for deeper analysis

The working party intends to look at various service charge costs in order to facilitate the greater in depth understanding of service charges ("deep dives") by the RCC.

A number of areas were mooted with the intention that the initial presentations could be made to the March RCC.

The initial area selected was Resident Engineers, whose annual costs run at some £400,000 pa.

Budgetary review

The first budget for the 2020/21 Service Charges was incomplete at the time of the meeting so it was not possible to consider the overall impact of planned charges.

However, a discussion ensued about how the continuing increases in Service Charges above the rate of inflation. The Resident members considered that it was time that a proposal was put to the RCC regarding how the BRC managed the Service Charge budget within inflation.

Outstanding Query from September – Grade A staff review

Grade A was revised for two principal reasons:

1. As part of a general effort to provide a greater reward for our lowest-paid employees.
2. To ensure that it remains above the level of the National Living Wage.

The remodelling was as part of the CoL Pay Award, which is collectively agreed with our recognised Trade Unions before being approved by the Court of Common Council. Clearly in negotiation Pay Awards take some cognisance of what the TUs consider as their key objectives.

Although our Pay Awards are negotiated from within and apply only to the CoL and do not form part of any wider local-government agreement, they also take cognisance of what appropriate national settlements are at the time of their negotiation, particularly in local government. In this case, the CoL agreement is a two-year deal, covering 1 July 2018 - 30 June 2020. This reflected the national local-government pay deal of 2018, which was also a two-year agreement (covering 1 April 2018 – 31 March 2020), and also favoured the lower-paid employees (and in fact had much more significant restructuring of, and to the advantage of employees paid on, the lower national pay bands).

Resident Staff

The resident staff are the four engineers who live on the estate. Their costs include a proportion of their salary, residential costs and uniforms. These costs are charged using the estate wide percentages. The resident engineers' salary costs are divided between general duties, lifts, and projects. A proportion of their costs are recharged to Housing in respect of Housing projects and lifts. This recharge can vary considerably from year to year. These costs are allocated with regard to time spent on the Barbican and time spent on projects.

Below are the costs for the last five years.

Resident Engineers	2018/19	2017/18	2016/17	2015/16	2014/15
	£	£	£	£	£
Salary	156,810	136,617	148,903	131,961	135,900
NI	17,128	14,692	15,978	11,447	11,668
Pension	36,655	31,315	28,279	25,404	26,493
Total	210,592	182,624	193,160	168,811	174,061
Allocated resident engineers' duties	204,714	173,445	145,420	116,190	129,884
Technical division on-costs	74,812	50,610	98,009	84,954	74,658
Total	279,526	224,055	243,429	201,144	204,541
Uniforms	198	895	741	0	145
Relocation expenses	2,275	0	2,794	0	0
Electricity	557	337	366	483	296
Rents - Resident Engineers	131,375	127,025	123,250	119,800	114,750
Rates & Council Tax	9,060	8,697	8,461	8,501	8,434
Training	7,463	0	160	0	600
Materials/equipment	29	0	298	1,436	107
Communications and comp	425	0	0	0	0
Repairs and Maintenance	0	59	0	0	0
Water Rates	945	930	1,261	1,294	1,293
Sub-Total	152,327	137,944	137,331	131,514	125,624
Total	431,853	361,999	380,760	332,659	330,166

Note in 2017/18 and 2015/16 there were staff vacancies