

Committee	Dated:
Residents' Consultation Committee	07 September 2020
Barbican Residential Committee	21 September 2020
Subject: Relationship of the Barbican Residential Committee Outturn Report to Service Charge Schedules	Public
Report of: Director of Community and Children's Services	For Information
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Summary

This report provides information on residential service charge expenditure for 2019/20. It also compares the outturn with the 2019/20 estimate and the 2018/19 actual expenditure.

Table 1	Actual 18/19 £,000	Actual 19/20 £,000	Variance Last Year %	Estimate 19/20 £,000	Estimate 20/21 £,000
Annually recurring items	(8,817)	(9,513)	7.89%	(8,827)	(9,095)
Projects	(520)	(626)	20.38%	(1,008)	(112)
Total	(9,337)	(10,139)	8.59%	(9,835)	(9,207)

The reconciliation between the amounts charged to leaseholders and the City's closed accounts is set out below.

Table 2 Summary service charge reconciliation 2019/20	£,000
Actual Service Charge Expenditure Corporate Accounts	(10,442)
Fees, charges and cleaning and lighting recharges	146
Barbican Estate Office Adjustments	157
Final Service Charge Expenditure	(10,139)

Recommendation

Members are asked to:

- Note the report.

Main Report

Background

1. This report is being presented in a new format explain the variations in the service charge outturn and also to reconcile the service charge being made to residents and following the closure of the Corporate accounts.

Residents' Service Charge Outturn

2. The total amount charged to the service charge account for 2019/20 is £10,139,171 this is 8.59% higher than the 2019/20 charge and 3.10% higher than the estimate.

Analysis of the 2019/20 Service Costs ANNEX 1 –

3. This annex shows the expenditure headings on the service charge schedule, with the main basis of attribution and a comparison between the actual service charges for 2018/19 and 2019/20 The estimates for 2019/20 are also shown.
4. The comparison with the 2018/19 actuals shows significant variations for several service heads.
5. The rise in electricity costs (5.11%) is due to the increased unit prices following the tender exercise in 2018. The increased prices were only in force for the half of the 18/19 service charge year but were in force for the whole of 19/20.
6. The increase in the lift maintenance charge (19.63%) is mainly due the increased costs in following the retender of the lift contract.

7. The decrease in resident engineers' costs (12.09%) is mainly because the more time was spent on projects and non-service charge work. Also, in 18/19 training and relocation costs amounted to some £9.7k
8. The furniture and fittings charge is mainly for replacement carpets in the tower and corridor blocks. These replacements are carried out in consultation with the housegroups and usually vary considerably from year to year.
9. Most of the expenditure on cleaning materials (20.67% increase) is for refuse sacks is due to a bulk order near the end of the year for £9k. Expenditure on equipment decreased (71.65%) in comparison with the previous two years. No appliances were replaced during the year.
10. The increase in expenditure on cleaning staff reflects pay increases, changes to salary scales and cover for sickness. The lowest scale point has been removed. The pay increase (2.45% basic and 5% London weighting) salary scale changes and holiday pay resulted in an overall 3.3% increase in salary costs after recharges to other divisions. The supervision and management costs increased significantly this year.
11. The garden maintenance costs were higher due to works in the wildlife garden to construct steps and new hedging (£6,314) and planting (£4,541) in the Thomas More garden.
12. Although there was a pay increase for car park attendants the overall increase over 2018/19 was less than 0.5% this was mainly due to lower agency and overtime costs, due to lower sickness levels.
13. There was a slight decrease in Lobby porters' costs which again reflects lower levels of sickness.
14. The overall decrease in garchey costs is mainly due to a decrease in repairs expenditure. In 18/19 there was significant expenditure on parts to maintain the system.
15. Most of the general maintenance expenditure is demand led and can vary considerably from year to year. The cost of estate wide repairs increased by 54.46%. However, expenditure in 18/19 was low in comparison to 17/18. The expenditure included repairs and refurbishment to the waterfall and the installation of a new main fused isolator lake pump room. £13,742 was spent on the installation of parcel stores for residents' deliveries.
16. The increase in expenditure on electrical is mainly due to expenditure on emergency lighting and new battery packs in the terrace blocks (£37,547). Expenditure on ventilation increased by £16,577 and included the repairs and refurbishment of fans in various blocks and heating repairs increased by £4,027.

17. Expenditure on interior common parts repairs was slightly higher than 18/19. The main areas of expenditure was plumbing (£72,527), this was largely due to repairs to booster pumps and pressure vessels (£20,303). Exterior repairs increased by 8.11%, this was largely due to repairs to remedy water penetration, particularly in Shakespeare Tower, Andrewes House, Ben Jonson House, Breton House, Bryer Court and John Trundle Court. Expenditure on Safety and Security was significantly lower. The only expenditure under this heading for the year was for the eyebolt testing.
18. Overall expenditure for the above repairs headings has increased by 20.76%.
19. The allocation of House Officer, Supervision and Management recharge and Technical recharge are mainly based on timesheet information and reflect the time being spent on service charge issues. This year more of the House Officers' time has been allocated to estate management duties which is included in the Supervision and Management Charge. The overall cost for Supervision and Management and House Officer duties increased by 3.38%.
20. The contract for electricity and gas supplies for heating was tendered in 17/18 and these rates were in force for the full year in 19/20. The electricity consumption was slightly higher than in 18/19.

Comparison Corporate Account and Final Service Charge Schedule- ANNEX 2 .

21. Due to adjustments made by the BEO is £157,187 lower than the expenditure in the City's accounts.
22. The main adjustments are for supplementary revenue projects and heating. The adjustments for the redecoration and concrete projects are for works chargeable to the Landlord and Car Park accounts. The adjustment for the water tanks project is for an incorrect accrual. The heating adjustment is the reversal of last year's adjustment and an adjustment for charges to non-service charge properties.

The Corporate Outturn Report ANNEX 3

23. The service charge schedules reflect the services provided and the Lease. The headings are different to the corporate report. For example, the employees are included under the cleaning, lobby porters, car park attendants and garchey headings on the service charge schedules along with the relevant associated costs such as uniforms, materials and repairs. Annex 3 shows the allocation of expenditure in the service charge headings.

Comparisons to previous years' Service Charge ANNEX 4

24. This shows the service charges by service head for the years 2013/14 – 2018/19.

Conclusion

25. Overall the estate service charge for the annually recurring items has increased by 5.31%. The increase excluding heating is 6.48%.
26. The Actual Service Charge schedules and an explanatory letter of the various items included on the schedule will be sent to residents by early September.

Appendices

Annex 1-4

Background Papers

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