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|----------------------------------------------------------------------------------------------|---------------------|
| <b>Committee:</b>                                                                            | <b>Date:</b>        |
| Housing Management & Almshouses Sub Committee                                                | 18 January 2016     |
| <b>Subject:</b><br>City of London Almshouses Revenue and Capital Budgets 2015/16 and 2016/17 | <b>Public</b>       |
| <b>Report of:</b><br>The Chamberlain and The Director of Community and Children's Services   | <b>For Decision</b> |

### Summary

1. This report is the annual submission of the City of London Almshouses revenue budgets overseen by your Committee. In particular it seeks approval for the revenue budget for 2016/17.
2. The overall budget position is summarised below:-

| Table 1 : Overall Position                       | Latest Budget 2015/16<br>£'000 | Original Budget 2016/17<br>£'000 | Movement 2014/15 to 2016/17<br>£'000 |
|--------------------------------------------------|--------------------------------|----------------------------------|--------------------------------------|
| Income                                           | (372)                          | (372)                            | 0                                    |
| Expenditure                                      | 346                            | 327                              | (19)                                 |
| <b>Surplus on income and expenditure account</b> | <b>(26)</b>                    | <b>(45)</b>                      | <b>(19)</b>                          |
| Decrease in market value of investments          | 76                             | 0                                | (76)                                 |
| Reserve brought forward                          | (1,599)                        | (1,549)                          | 50                                   |
| Reserve carried forward                          | (1,549)                        | (1,594)                          | (45)                                 |

3. Overall, the 2016/17 budget indicates a surplus on income and expenditure of £45,000, an increase of £19,000 compared with the Latest Budget for 2015/16. The main reason for this change is a reduction in Repairs and maintenance costs.
4. The reserve is both a contingency against unforeseen expenditure and a provision for the financing of future expenditure.

## Recommendations

5. The Committee is requested to:

- Review and approve the 2016/17 revenue budget to ensure that it reflects the Committee's objectives.

## Main Report

### Management of the City of London Almshouses

6. In accordance with existing practice, the management costs of Property Services provided by the Community and Children's Services Department are excluded. However, the budgets for the Almshouses do include the costs of Support Services provided by the City of London Corporation's central departments and the Community and Children's Services Department.

### Proposed Budget Position 2015/16 and 2016/17

7. The detailed budgets and reserves are set out in Table 2.

8. Income and favourable variances are presented in brackets. Only significant variances (generally those greater than £10,000) have been commented on in the following paragraphs.

Table 2

| Actual<br>2014/15<br>£'000 | City of London Almshouses<br>Trust         | Latest<br>Budget<br>2015/16<br>£'000 | Original<br>Budget<br>2016/17<br>£'000 | Movement<br>2015/16 to<br>2016/17<br>£'000 | Paragraph<br>Ref |
|----------------------------|--------------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------------|------------------|
| <b>74</b>                  | <b>Expenditure</b><br><b>Employees</b>     | <b>78</b>                            | <b>85</b>                              | <b>7</b>                                   |                  |
| 228                        | Repairs and maintenance                    | 170                                  | 145                                    | (25)                                       | 14               |
| 4                          | Energy Costs                               | 11                                   | 11                                     | 0                                          |                  |
| 7                          | Rents                                      | 8                                    | 8                                      | 0                                          |                  |
| 3                          | Council Tax                                | 4                                    | 4                                      | 0                                          |                  |
| 7                          | Water                                      | 7                                    | 7                                      | 0                                          |                  |
| 8                          | Cleaning and Domestic Supplies             | 12                                   | 12                                     | 0                                          |                  |
| 1                          | Grounds Maintenance Costs                  | 16                                   | 14                                     | (2)                                        |                  |
| <b>258</b>                 | <b>Total Premises Related<br/>Expenses</b> | <b>228</b>                           | <b>201</b>                             | <b>(27)</b>                                |                  |
| (59)                       | Equipment, Furniture and<br>Materials      | 2                                    | 2                                      | 0                                          |                  |
| 6                          | Communications and Computing               | 7                                    | 7                                      | 0                                          |                  |
| 0                          | Fees and Services                          | 0                                    | 0                                      | 0                                          |                  |
| 0                          | Advertising                                | 1                                    | 1                                      | 0                                          |                  |
| 0                          | Clothes, Uniform & Laundry                 | 1                                    | 1                                      | 0                                          |                  |
| 3                          | Grants & Subscriptions                     | 0                                    | 0                                      | 0                                          |                  |

|                |                                                    |                |                |             |    |
|----------------|----------------------------------------------------|----------------|----------------|-------------|----|
| 3              | Hospitality                                        | 8              | 9              | 1           |    |
| (47)           | <b>Total Supplies and Services</b>                 | <b>19</b>      | <b>20</b>      | <b>1</b>    |    |
| 20             | <b>Recharges for Support Services</b>              | <b>17</b>      | <b>17</b>      | <b>0</b>    |    |
| 3              | <b>Capital Charges</b>                             | <b>4</b>       | <b>4</b>       | <b>0</b>    |    |
| <b>308</b>     | <b>Total Expenditure</b>                           | <b>346</b>     | <b>327</b>     | <b>(19)</b> |    |
|                |                                                    |                |                |             |    |
|                | <b>Income</b>                                      |                |                |             |    |
| (311)          | Contributions and Service Charges                  | (327)          | (327)          | 0           | 13 |
| (44)           | Investment Income                                  | (45)           | (45)           | 0           | 16 |
| <b>(355)</b>   | <b>Total Income</b>                                | <b>(372)</b>   | <b>(372)</b>   | <b>0</b>    |    |
| <b>(47)</b>    | <b>Net (Surplus)</b>                               | <b>(26)</b>    | <b>(45)</b>    | <b>(19)</b> |    |
|                | <b><u>Reserves</u></b>                             |                |                |             |    |
| (1,484)        | Balance Brought Forward                            | (1,599)        | (1,549)        | 50          |    |
| (47)           | Income and Expenditure Account                     | (26)           | (45)           | (19)        |    |
| (68)           | Increase / Decrease in Market Value of Investments | 76             | 0              | (76)        |    |
| <b>(1,599)</b> | <b>Balance Carried Forward</b>                     | <b>(1,549)</b> | <b>(1,594)</b> | <b>(45)</b> |    |

9. Officers previously reported deterioration in the roadway on the estate, as well as a proposal to improve the lighting for residents' safety and security at the same time as repairs could be effected.
10. Due to the remedial work at the Rogers Cottages and the communal hall project, the survey was delayed.
11. The total cost of brickwork and concrete repairs will be £55k. This has been incorporated into the budget for 2015/16.
12. Overall there is an Increase in reserves of £45,000.
13. The contribution and service charge budgets have been increased using the same percentage increases which have been applied to the Housing Revenue Account rent income.
14. Details of repairs, maintenance and improvements are set out in Annex A.

### **Manpower Statement**

15. Analysis of the movement in manpower and related staff costs are shown in table 3 below.

Table 3

|                             | Latest Budget 2015/16         |                      | Original Budget 2016/17       |                      |
|-----------------------------|-------------------------------|----------------------|-------------------------------|----------------------|
|                             | Manpower Full-Time Equivalent | Estimated Cost £'000 | Manpower Full-Time Equivalent | Estimated Cost £'000 |
| Housing Management          | 0.36                          | 14                   | 0.36                          | 17                   |
| Matrons - Employees         | 1.05                          | 43                   | 1.05                          | 46                   |
| Gardener                    | 0.80                          | 21                   | 0.80                          | 22                   |
| <b>Total Employee Costs</b> | <b>2.21</b>                   | <b>78</b>            | <b>2.21</b>                   | <b>85</b>            |

**Investments**

16. The Trust holds 135,697 units in the Corporation's Charities Pool with a market value as at 30 September 2015 of £ 1,053,009. The distribution rate for the first six months of 2015/16 was 4.0%. Cash is held by the Chamberlain on behalf of the Trust and is invested with other City of London funds on the London Money Markets. In this way, the Trust benefits from the higher interest rates that the City of London can obtain. The budget assumes interest on cash balances of 0.50% for 2015-16 and 0.50% for 2016-17 onwards. Interest is credited annually based on the Trust's average cash balance.

**Draft Capital and Supplementary Revenue Budgets**

17. The latest estimated costs for the Committee's draft capital and supplementary revenue projects are summarised in the Table 4 below.

Table 4

| <b>Project</b>                   | <b>Exp. Pre<br/>01/04/15<br/>£'000</b> | <b>2015/16<br/>£'000</b> | <b>2016/17<br/>£'000</b> | <b>Later<br/>Years<br/>£'000</b> | <b>Total<br/>£'000</b> |
|----------------------------------|----------------------------------------|--------------------------|--------------------------|----------------------------------|------------------------|
| <u>Pre-implementation</u>        |                                        |                          |                          |                                  |                        |
| Sheltered Units<br>refurbishment |                                        | 7                        |                          |                                  | 7                      |
| <b>TOTAL CoL ALMSHOUSES</b>      | 0                                      | 7                        | 0                        | 0                                | 7                      |

18. Pre-implementation costs comprise consultancy fees to identify the refurbishment works required. The implementation phase will be subject to further approvals including the identification of funding.

19. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2016.

**Background Papers:**

Estimate Working Papers                      Chamberlain's

**Appendices:**

Annex A - Details of repairs, maintenance and improvements

**Contact:**

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## Annex A1

| <b>REPAIRS, MAINTENANCE AND IMPROVEMENTS</b>       |   | Latest Budget<br>2015/16<br>£'000 | Original Budget<br>2016/17<br>£'000 |
|----------------------------------------------------|---|-----------------------------------|-------------------------------------|
| <u>Breakdown and Emergency Repairs</u>             |   |                                   |                                     |
| Building                                           | E | 44                                | 44                                  |
| Electrical                                         | E | 8                                 | 8                                   |
|                                                    |   | 52                                | 52                                  |
| <u>Contract Servicing</u>                          |   |                                   |                                     |
| Building                                           | E | 5                                 | 5                                   |
| Electrical                                         | E | 10                                | 10                                  |
|                                                    |   | 15                                | 15                                  |
| <u>Cyclical Works</u>                              |   |                                   |                                     |
| Disabled adaptations                               | E | 6                                 | 6                                   |
| Internal decorations                               | A | 5                                 | 5                                   |
|                                                    |   | 11                                | 11                                  |
| <u>Projects</u>                                    |   |                                   |                                     |
| External repairs & redecoration                    | E | 5                                 | 5                                   |
| Asbestos Management                                | E | 5                                 | 5                                   |
| Road repairs/Landscaping                           | D | 25                                | 25                                  |
| Five year electrical test and inspections          | E | 2                                 | 2                                   |
| Lighting                                           | D | 0                                 | 0                                   |
| Warden Call-Out System                             | E | 0                                 | 30                                  |
| Brickwork and Concrete Repairs                     | E | 55                                | 0                                   |
|                                                    |   | 92                                | 67                                  |
|                                                    |   |                                   |                                     |
| <b>Total Repairs, Maintenance and Improvements</b> |   | <b>170</b>                        | <b>145</b>                          |

Key: E = Essential    A = Advisable    D = Desirable

2016/17 REPAIRS, MAINTENANCE AND IMPROVEMENTS -  
EXPLANATION OF WORKS

Breakdown and Emergency Repairs

Building - £44,000

Responsive repairs currently undertaken by Linbrook Services Ltd

Electrical - £8,000

Responsive repairs currently undertaken by Linbrook Services Ltd

Contract Servicing

Building - £5,000

Servicing and Maintenance of Gas Appliances: The current contractor is Carillion - Planned Maintenance Engineering operating under a partnering agreement.

Fire extinguishers: The current contractor is L.W. Safety Ltd. The contract is market tested annually.

Chlorination of water tanks: The current contractor is Hertel UK. The contract is market tested annually.

Electrical - £10,000

Fire Alarms and Warden Call Systems: The current contractor is Beacon Alarms and the contract is market tested periodically. Also included is the rental of a British Telecom line in respect of the fire alarm system

Cyclical Works

Disabled Adaptations - £6,000

Provision for adaptations to the properties when required.

Internal Decorations - £5,000

Provision for internal decoration of properties when required.