

Committee(s)	Dated:
Residents' Consultation Committee	4 September 2017
Barbican Residential Committee	11 September 2017
Subject: 2016/17 Revenue Outturn for the Dwellings Service Charge Account including reconciliation between the closed accounts and the final service charge.	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 budgets for the year ended 31st March 2017. A summary is provided in the table below:

Table 1 - Summary Comparison of 2016/17 Revenue Outturn with Final Agreed Budget			
	Latest Agreed Budget	Revenue Outturn	Variations Increase/ (Reduction)
	£000	£000	£000
Expenditure	8,170	8,240	70
Income	(9,371)	(9,598)	(227)
Net Income	(1,201)	(1,358)	(157)
Net Recharges	1,201	1,358	157
Overall Totals	0	0	0

A summary of the service charge reconciliation of the 2016/17 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 - Service Charge Reconciliation 2016/17	£000
Actual Service Charge Expenditure Per Accounts	9,743
Less recharges and Barbican Estate Office adjustments	(436)
Final Service Charge Expenditure	9,307

Recommendation

- It is recommended that this revenue report for 2016/17 and the service charge reconciliation are noted.

Main Report

Revenue Outturn for 2016/17

1. This report compares the revenue outturn for the dwellings service charge account overseen by your committee in 2016/17, 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 income or in hand balances, increases in income or decreases 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 2015-16 £'000	TABLE 3 - Service Charge Account	Original Budget £'000	Latest Approved Budget £'000	Actual 2016-17 £'000	Variances £'000	Para
	Expenditure					
2,018	Direct Employee Expenses	2,149	2,136	2,130	(6)	
1	Indirect Employee Expenses	7	8	6	(2)	
2,019	Total Employees	2,156	2,144	2,136	(8)	
2,670	Repairs and Maintenance	3,288	3,094	3,253	159	4
1,863	Energy Costs	2,356	2,346	2,298	(48)	5
97	Rents	126	126	129	3	
10	Rates	15	18	16	(2)	
2	Water Services	3	3	2	(1)	
228	Cleaning and Domestic Supplies	242	217	198	(19)	
118	Grounds Maintenance Costs	123	123	145	22	
4,988	Total Premises Related Expenses	6,153	5,927	6,041	114	
37	Equipment, Furniture and Materials	68	65	33	(32)	
0	Catering	1	1	0	(1)	
5	Clothes, Uniform and Laundry	12	12	7	(5)	
1	Printing, Stationery	5	5	7	2	
0	Fees and Services	1	2	1	(1)	
13	Communications and Computing	14	14	16	2	
56	TOTAL Supplies and Services	101	99	63	(36)	
7,063	TOTAL Expenditure	8,410	8,170	8,240	70	
(8,170)	Income	(9,308)	(9,371)	(9,598)	(227)	
(1,107)	Net Income	(898)	(1,201)	(1,358)	(157)	
1,259	Recharges					
	Expenditure	1,085	1,346	1,503	157	6
(152)	Income	(187)	(145)	(145)	0	
1,107	Total Recharges	898	1,201	1,358	157	
(0)	Total Service Charge Account	0	0	(0)	(0)	

4. The overspend of £159,000 on repairs and maintenance costs is due to the following:

- Unforeseen increase in the level of work relating to water penetration (not roof related)
- Glazing costs were higher than expected due to access (scaffolding)
- Water supply costs were higher due to works following water testing – tank coating and tank replacements
- Safety and security costs were higher than anticipated due to the installation of eyebolts and fall arrest systems
- Underfloor heating – higher than anticipated costs relating to the replacement of the heating control system

5. The lower than budgeted energy costs was due to mild weather during winter months.
6. The adverse variance on recharges is due to the following:
 - Higher than expected charge received from Technical Services.
 - Increase in the provision for bad debt resulted in a charge to this year's accounts.
 - Insurance charges were higher than previously predicted.

Service Charge Reconciliation 2016/17

7. The table below sets out the service charges reconciliation of the 2016/17 actuals as per the closed accounts and the amount charges to the lessees.

Table 4 - Service Charge Reconciliation 2016/17	£000
Actual Service Charge Expenditure Per Accounts (direct 8240k+ gross recharge 1503k)	9,743
Less Fees, charges and cleaning and lighting recharges.	(157)
Add Barbican Estate Office adjustments	(279)
Final Service Charge Expenditure	9,307

8. 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, full details are set out in Appendix 1.

Appendices

- Appendix 1 – Relationship of the Barbican Residential Committee Outturn Report to Service Charges Schedules.

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Appendix 1

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

	£'000
Original Budget	0
Decrease in Repairs and Maintenance budget mainly related to Redecoration Works.	(194)
Correction of of supervision & management estimated charge.	303
Balancing increase in expected service charge income	(109)
Latest Approved Budget	0