

Committee(s)	Dated:
Residents Consultation Barbican Residential	27 November 2017 11 December 2017
Subject: Service Charge Expenditure and Income Account - Latest Approved Budget 2017/18 and Original Budget 2018/19	Public
Report of: The Chamberlain Director of Community & Children's Services	For Decision

Summary

This report sets out the latest approved budget for 2017/18 and original 2018/19 for revenue expenditure proposed to be included within the service charge in respect to dwellings. This does not include any expenditure or income pertaining to car parking or stores. The amount charged to individual lessees will depend on the percentages set out in their lease.

The original budget for 2018/19 total expenditure including net recharges is £9,226,000 compared to the 2017/18 latest approved budget of £9,192,000, an increase of £34,000.

This is only the budget for the years in question and the actual amount charged to lessees will depend on the actual amount spent and the percentage set out in the individual leases.

Summary Of Table 1	Original Budget 2017/18 £'000	Latest Approved Budget 2017/18 £'000	Original Budget 2018/19 £'000	Movement £'000
Expenditure	(7,747)	(7,995)	(8,027)	(32)
Recharges	(899)	(1,197)	(1,199)	(2)
Other Income	8,646	9,192	9,226	34
Total Net Expenditure	0	0	0	0

Recommendations

The Committee is requested to:

- review the provisional 2018/19 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- authorise the Chamberlain to revise these budgets to allow for further implications arising from departmental reorganisations and other reviews, and corporate projects.

Main Report

Introduction

1. This report sets out the proposed revenue budget for 2018/19. The revenue budget management arrangements are to:
 - Place responsibility for budgetary control on departmental Chief Officers
 - Apply a cash limit policy to Chief Officers' budgets
2. The budget has been analysed by service expenditure and compared with the latest approved budget for the current year.

Proposed Revenue Budget for 2018/19

3. The proposed Revenue Budget for 2018/19 is shown in table 1 overleaf. A reconciliation of the 2017/18 latest agreed budget to the 2018/19 original budget is provided in Appendix 3.
 - Local Risk budgets – these are budgets deemed to be largely within the Chief Officer's control.
 - Central Risk budgets – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (e.g. interest on balances and rent incomes from investment properties).
 - Support Services and Capital Charges – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.

Table 1 - Analysis of Service Expenditure	Local, Central Risk or Recharges	Actual 2016-17 £'000	Original Budget 2017-18 £'000	Latest Approved Budget 2017-18 £'000	Original Budget 2018-19 £'000	Movement 2017-18 to 2018-19 £'000	Paragraph Reference
Expenditure							
Employees	L	(2,136)	(2,156)	(2,384)	(2,446)	(62)	7
Premises Related Expenses							
Repairs and Maintenance	L	(2,161)	(1,687)	(1,687)	(1,805)	(118)	4
Supplementary Revenue Projects	C	(1,092)	(940)	(951)	(752)	199	5
Energy Costs	L	(2,298)	(2,369)	(2,369)	(2,405)	(36)	6
Rents	L	(128)	(129)	(131)	(134)	(3)	
Rates	L	(16)	(15)	(15)	(18)	(3)	
Water Services	L	(2)	(3)	(3)	(3)	0	
Cleaning and Domestic Supplies	L	(198)	(220)	(223)	(228)	(5)	
Grounds Maintenance	L	(145)	(124)	(124)	(126)	(2)	
Supplies and Services							
Equipment, Furniture and Materials	L	(33)	(70)	(70)	(71)	(1)	
Catering	L	(0)	(1)	(1)	(1)	0	
Uniforms	L	(7)	(12)	(12)	(12)	0	
Printing, Stationery and Office Exp.	L	(7)	(5)	(6)	(7)	(1)	
Fees and Services	L	(1)	(1)	(1)	(1)	0	
Contributions to Provisions	L	0	0	0	0	0	
Communication and Computing	L	(16)	(15)	(18)	(18)	0	
Total Expenditure		(8,240)	(7,747)	(7,995)	(8,027)	(32)	
Income							
Local Risk	L	7,778	7,836	8,382	8,416	34	
Central Risk	C	1,820	810	810	810	0	
Net Income		1,358	899	1,197	1,199	2	
Recharges							
Expenditure	R	(1,503)	(1,074)	(1,372)	(1,374)	(2)	
Income	R	145	175	175	175	0	
Total Recharges		(1,358)	(899)	(1,197)	(1,199)	(2)	
Total Service Charge Account		0	0	0	0	0	

4. Repairs and maintenance costs have increased by £118,000 compared to the latest approved budget due to increase in costs for miscellaneous works and asset management. Full analysis is provided in Appendix 1.
5. Actual 2016/17 costs of £1,092,000 were incurred in 2016/17 for supplementary revenue projects. The bulk of the costs were related to concrete testing, and communal repairs. The original budget for 2017/18 also mainly relates to communal repairs/decorations and concrete testing.
6. Energy costs have also increased by £36,000 due to expected higher tariffs.
7. Analysis of the movement in manpower and related staff costs are shown in Table 2 below.

Table 2 - Manpower statement	Latest Approved Budget 2017/18		Original Budget 2018/19	
	Manpower Full-time equivalent	Estimated cost £'000	Manpower Full-time equivalent	Estimated cost £'000
Garchey Operatives	3	(120)	3	(124)
Cleaners	34	(1,108)	36	(1,152)
Estate Concierge (1/3)	9	(499)	9	(513)
Lobby Porters	12	(657)	12	(657)
Total Barbican Residential	58	(2,384)	60	(2,446)

Draft Capital and Supplementary Revenue Budgets

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

Service	Project	Exp. Pre 01/04/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Later Years £'000	Total £'000
<u>Pre-implementation</u>							
Service Charge	Water system testing	4	38				42
<u>Authority to start work</u>							
Service Charge	Concrete testing	295	321				616
Service Charge	Communal repairs / redecorations	854	592	752	126		2,324
TOTAL BARBICAN RESIDENTIAL		1,153	951	752	126	0	2,982

9. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work. It should be noted that the above figures exclude the implementation costs of those schemes which have yet to receive authority to start work.
10. The programme of water system testing will be subject to further approvals, following completion of the risk assessments.
11. Concrete testing work will be completed in the current financial year, and work has started for the phase 2 blocks in the communal repairs and redecorations project.
12. A proportion of the costs for these schemes will be recoverable from residents via service charges.
13. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2018.

Appendices

Appendix 1 = Analysis of Repairs, Maintenance and Minor Improvements

Appendix 2 = Support Services and Capital Charges

Appendix 3 = Reconciliation of 2017/18 Original Budget to Latest Approved Budget

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Appendix 1

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 2017/18 £000	Latest Budget 2017/18 £000	Original Budget 2018/19 £000
Responsive and Contract Servicing including Building			
Miscellaneous Works	(1,115)	(1,115)	(1,181)
IRS maintenance	(30)	(30)	(30)
Responsive and Contract Servicing - Lifts	(262)	(262)	(272)
Drainage Repairs / Remedial Work	(60)	(60)	(61)
Sub Total Responsive and Contract Servicing	(1,467)	(1,467)	(1,544)
Asbestos Removal	(110)	(110)	(110)
Electrical Testing	(10)	(10)	(10)
Upgrade Safety/Security Installations	(35)	(35)	(36)
Consultants Fees	(35)	(35)	(35)
Heating Condition Survey	0	(10)	0
Emergency lighting to stairs, corridors and plant rooms	(20)	(10)	(20)
Asset Management	(10)	(10)	(50)
TOTAL	(1,687)	(1,687)	(1,805)

Appendix 2

Support Service and Capital Charges from/to Barbican Service Charges	Actual 2016/17 £0	Original Budget 2017/18 £0	Latest Approved Budget 2017/18 £0	Original Budget 2018/19 £0
Support Service and Capital Charges				
Insurance	(79)	(47)	(49)	(51)
IS Staff Recharge	(37)	(207)	(39)	(39)
Total Support Services	(116)	(254)	(88)	(90)
Recharges within Committee				
Cleaning and Lighting	121	126	126	126
Barbican Supervision and Management	(888)	(343)	(807)	(807)
Recharges Within Funds				
DCCS	(475)	(428)	(428)	(428)
Contributions to Funds and Provisions				
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	(1,358)	(899)	(1,197)	(1,199)

Appendix 3

Reconciliation of 2017/18 Original Budget to Latest Approved Budget	£'000
Original Budget Net Expenditure	0
Increase in Supplementary Revenue Projects	(11)
Revised estimates of employee costs.	(228)
Correction of recharge for House Officers	(307)
Balancing increased income.	546
Latest Approved Budget Net Expenditure	0