

<b>Committee(s)</b>	<b>Dated:</b>
Residents' Consultation Committee	10 September 2018
Barbican Residential Committee	17 September 2018
<b>Subject:</b> 2017/18 Revenue Outturn for the Dwellings Service Charge Account.	<b>Public</b>
<b>Report of:</b> The Chamberlain Director of Community & Children's Services	<b>For Information</b>
<b>Report author:</b> Mark Jarvis Head of Finance, Chamberlains	

### 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 budget for the year ended 31st March 2018. A summary is provided in the table below:

<b>Table 1 - Summary Comparison of 2017/18 Revenue Outturn with Final Agreed Budget</b>			
	<b>Latest Agreed Budget</b>	<b>Revenue Outturn</b>	<b>Variations Increase/ (Reduction)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Expenditure	(7,559)	(7,593)	(34)
Income	8,756	8,919	163
Net Income	1,197	1,326	129
Net Recharges	(1,197)	(1,326)	(129)
<b>Overall Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>

A summary of the service charge reconciliation of the 2017/18 actuals as per the closed accounts above and the amount to be charged as a service charge is set out in the table below.

<b>Table 2 - Summary Service Charge Reconciliation 2017/18</b>	£000
Actual Service Charge Expenditure Per Accounts	(9,065)
Less recharges and Barbican Estate Office adjustments	202
<b>Final Service Charge Expenditure</b>	<b>(8,863)</b>

### **Recommendation**

- It is recommended that this revenue report for 2017/18 and the service charge reconciliation are noted.

### **Main Report**

#### **Revenue Outturn for 2017/18**

1. This report compares the revenue outturn for the dwellings service charge account overseen by your committee in 2017/18, 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 expenditure or adverse variances, decreases in income or increases 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.

<b>Actual 2016-17 £'000</b>	<b>TABLE 3 - Service Charge Account</b>	<b>Original Budget £'000</b>	<b>Latest Approved Budget £'000</b>	<b>Actual 2017-18 £'000</b>	<b>Variances £'000</b>	<b>Para</b>
	<b>Expenditure</b>					
(2,130)	Direct Employee Expenses	(2,149)	(2,377)	(2,276)	101	4
(6)	Indirect Employee Expenses	(7)	(7)	0	7	
(2,136)	Total Employees	(2,156)	(2,384)	(2,276)	108	
(3,253)	Repairs and Maintenance	(1,687)	(2,202)	(2,448)	(246)	5
(2,298)	Energy Costs	(2,369)	(2,369)	(2,304)	65	6
(129)	Rents	(129)	(131)	(132)	(1)	
(16)	Rates	(15)	(15)	(15)	0	
(2)	Water Services	(3)	(3)	(1)	2	
(198)	Cleaning and Domestic Supplies	(220)	(223)	(202)	21	
(145)	Grounds Maintenance Costs	(124)	(124)	(133)	(9)	
(6,041)	Total Premises Related Expenses	(4,547)	(5,067)	(5,235)	(168)	
(33)	Equipment, Furniture and Materials	(70)	(70)	(57)	13	
0	Catering	(1)	(1)	0	1	
(7)	Clothes, Uniform and Laundry	(12)	(12)	(7)	5	
(7)	Printing, Stationery	(5)	(6)	(2)	4	
(1)	Fees and Services	(1)	(1)	(2)	(1)	
(16)	Communications and Computing	(15)	(18)	(14)	4	
(64)	TOTAL Supplies and Services	(104)	(108)	(82)	26	
<b>(8,241)</b>	<b>TOTAL Expenditure</b>	<b>(6,807)</b>	<b>(7,559)</b>	<b>(7,593)</b>	<b>(34)</b>	
<b>9,598</b>	<b>Income</b>	<b>7,706</b>	<b>8,756</b>	<b>8,919</b>	<b>163</b>	
<b>1,357</b>	<b>Net Income</b>	<b>899</b>	<b>1,197</b>	<b>1,326</b>	<b>129</b>	
(1,502)	Recharges Expenditure	(1,074)	(1,372)	(1,472)	(100)	7
145	Income	175	175	146	(29)	
(1,357)	Total Recharges	(899)	(1,197)	(1,326)	(129)	
0	<b>Total Service Charge Account</b>	0	0	0	0	

4. The underspend of £101,000 on Employee costs is due to less than anticipated costs for cleaners and temporary lobby porter staff.
5. The overspend of £246,000 on Repairs and Maintenance costs is due to Increased expenditure on Fire Safety works, Lifts and Drainage Repairs Remedial Work and Asbestos on the Barbican Estate. See analysis set out in appendix 3.
6. The underspend of £65,000 on energy costs was due to the milder than anticipated weather during the winter months.
7. The adverse variance on recharges is due to higher than expected charge received from Technical Services partly linked to the higher than budgeted cost of repairs.

## Service Charge Reconciliation 2017/18

8. The table below sets out the service charges reconciliation of the 2017/18 actuals as per the closed accounts and the amount charged to the lessees.

<b>Table 4 - Service Charge Reconciliation 2017/18</b>	<b>£000</b>
Actual Service Charge Expenditure Per Accounts (direct 7593k+ gross recharge 1472k)	(9,065)
Less Fees, charges and cleaning and lighting recharges.	135
Add Barbican Estate Office adjustments	67
<b>Final Service Charge Expenditure</b>	<b>(8,863)</b>

9. 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, details are set out in Appendix 2.

### **Appendices**

- Appendix 1 – Reconciliation of Original Budget to Latest Approved Budget.
- Appendix 2 – Detail of Barbican Estate Office adjustments
- Appendix 3 – Analysis of repairs, maintenance and minor improvements.

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### **Appendix 1**

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

	<b>£'000</b>
Original Budget	0
Supplementary Revenue Projects (see Appendix 3)	(515)
Adjustment to Recharges	(298)
Revised estimates of employee costs	(228)
Balancing increase in expected service charge income	1041
<b>Latest Approved Budget</b>	<b>0</b>

## Appendix 2

**Table 4 - Details of Barbican Service Charge Expenditure and Estate office adjustments**

Narration	Cross-Reference key	CBIS Actual	BEO Adjustment	Service Charge Schedule
		£	£	£
Electricity (Common Parts and Lifts)	1	(452,518.01)	29,356.01	(423,162.00)
Lift Maintenance	2	(366,140.06)	(8,242.82)	(374,382.88)
Resident Housekeepers (Additional Pension)	3	(268.50)	0.00	(268.50)
Resident Engineers	4	(361,999.46)	0.00	(361,999.46)
Furniture & Fittings	5	(28,699.93)	(172.97)	(28,872.90)
Window Cleaning	6	(167,120.64)	20,009.90	(147,110.74)
Cleaning Materials including refuse sacks	7	(21,832.56)	0.00	(21,832.56)
Cleaning Equipment	8	(24,072.84)	1,475.00	(22,597.84)
Estate Cleaners	9	(994,664.70)	0.00	(994,664.70)
Additional Refuse Collection	10	(13,777.27)	0.00	(13,777.27)
Garden Maintenance	11	(133,196.76)	47.60	(133,149.16)
Car Park Attendants	12	(549,116.64)	(45,911.14)	(595,027.78)
Hall Porters	13	(662,221.99)	0.00	(662,221.99)
Garchey Maintenance	14	(262,865.84)	107.69	(262,758.15)
Pest Control	15	(12,929.65)	0.00	(12,929.65)
General Maintenance (Estate)	16	(141,009.72)	10,810.37	(130,199.35)
Electrical Repairs (Common Parts)	17	(78,373.87)	0.00	(78,373.87)
Electrical Repairs (Exterior)	18	(1,188.20)	0.00	(1,188.20)
General Repairs (Common Parts)	19	(124,699.82)	300.00	(124,399.82)
General Repairs (Exterior)	20	(818,443.02)	0.00	(818,443.02)
Technical Services	21	(306,461.00)	74,797.63	(231,663.37)
House Officer	22	(215,112.70)	0.00	(215,112.70)
Estate-Wide proportion of Supervision & Management costs	23	(514,986.03)	0.00	(514,986.03)
Directly attributed Supervision & Management costs	24	0.00	0.00	0.00
Redecorations	25	(521,258.08)	0.00	(521,258.08)
Safety/Security	26	(66,840.79)	10,890.06	(55,950.73)
Water Supply Works	27	(88,248.00)	0.00	(88,248.00)
Concrete Works	28	(2,960.00)	0.00	(2,960.00)
Emergency Lighting	29	(9,060.00)	0.00	(9,060.00)
Asbestos Management	30	(171,476.41)	0.00	(171,476.41)
	31	0.00	0.00	0.00
	32	0.00	0.00	0.00
Heating	33	(1,847,500.91)	2,149.85	(1,845,351.06)
Other charges	N/C	28,762.80	(28,762.80)	0.00
<b>TOTAL</b>		<b>(8,930,280.60)</b>	<b>66,854.38</b>	<b>(8,863,426.22)</b>

### Appendix 3

#### 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	Actual 2017/18 £000
Responsive and Contract Servicing including Building			
Miscellaneous Works (including fire safety)	(1,115)	(1,095)	(1,216)
IRS maintenance	(30)	(30)	(34)
Responsive and Contract Servicing - Lifts	(262)	(272)	(329)
Drainage Repairs / Remedial Work	(60)	(70)	(113)
Sub Total Responsive and Contract Servicing	(1,467)	(1,467)	(1,692)
Asbestos Removal	(110)	(110)	(163)
Electrical Testing	(10)	(10)	(3)
Redecorations Works	0	0	0
Upgrade Safety/Security Installations	(35)	(35)	(10)
Consultants Fees	(35)	(35)	(36)
Emergency lighting to stairs, corridors and plant rooms	(20)	(20)	(20)
Asset Management	(10)	(10)	(9)
Supplementary Revenue Projects (Barbican Estate Communal Repairs / Redecorations)	0	(515)	(515)
TOTAL	(1,687)	(2,202)	(2,448)