

Committee(s)	Dated:
Residents Consultation Barbican Residential	03 December 2018 10 December 2018
Subject: Service Charge Expenditure and Income Account - Latest Approved Budget 2018/19 and Original Budget 2019/20	Public
Report of: The Chamberlain Director of Community & Children's Services	For Decision

Summary

This report sets out the original approved budget for 2018/19 and original 2019/20 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 2019/20 total expenditure including net recharges is £9,822,000 compared to the 2018/19 original approved budget of £9,226,000, an increase of £596,000.

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 2018/19 £'000	Original Budget 2019/20 £'000	Movement £'000
Expenditure	(8,027)	(8,455)	(428)
Recharges	(1,199)	(1,367)	(168)
Other Income	9,226	9,822	596
Total Net Expenditure	0	0	0

Recommendations

The Committee is requested to:

- review the provisional 2019/20 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 2019/20. 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 2019/20

3. The proposed Revenue Budget for 2019/20 is shown in table 1 overleaf note a reconciliation of the 2018/19 latest agreed budget to the 2018/19 original budget is also provided in Appendix 3 for information.
 - 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 2017-18 £'000	Original Budget 2018-19 £'000	Latest Approved Budget 2018-19 £'000	Original Budget 2019-20 £'000	Movement 2018-1 to 2019-20 £'000	Paragraph Reference
Expenditure							
Employees	L	(2,276)	(2,446)	(2,500)	(2,587)	(141)	7
Premises Related Expenses Repairs and Maintenance	L	(1,933)	(1,805)	(1,932)	(1,856)	(51)	4
Supplementary Revenue Projects	C	(515)	(752)	(1052)	(910)	(158)	5
Energy Costs	L	(2,304)	(2,405)	(2,397)	(2,458)	(53)	6
Rents	L	(132)	(134)	(136)	(141)	(7)	
Rates	L	(15)	(18)	(18)	(19)	(1)	
Water Services	L	(1)	(3)	(3)	(3)	0	
Cleaning and Domestic Supplies	L	(202)	(228)	(230)	(238)	(10)	
Grounds Maintenance	L	(133)	(126)	(126)	(130)	(4)	
Supplies and Services Equipment, Furniture and Materials	L	(57)	(71)	(71)	(73)	(2)	
Catering	L	0	(1)	(1)	(1)	0	
Uniforms	L	(7)	(12)	(12)	(12)	0	
Printing, Stationery and Office Exp.	L	(2)	(7)	(7)	(7)	0	
Fees and Services	L	(2)	(1)	(1)	(1)	0	
Communication and Computing	L	(14)	(18)	(18)	(19)	(1)	
Total Expenditure		(7,593)	(8,027)	(8,504)	(8,455)	(428)	
Income							
Local Risk	L	7,355	8,416	8,927	9,012	596	
Central Risk	C	1,564	810	810	810	0	
Net Income		1,326	1,199	1,233	1,367	168	
Recharges							
Expenditure	R	(1,472)	(1,374)	(1,410)	(1,542)	(168)	
Income	R	146	175	177	175	0	
Total Recharges		(1,326)	(1,199)	(1,233)	(1,367)	(168)	
Total Service Charge Account		0	0	0	0	0	

4. Repairs and maintenance costs have increased by £51,000 compared to the previous years budget due to increase in costs for miscellaneous works and Responsive and Contract Servicing Lifts. Full analysis is provided in Appendix 1.
5. The cost of supplementary revenue projects is expected to be £910,000 and relates to concrete testing and communal repairs redecorations as set in paragraph 9 below. This is £ 158k higher than the cost expected in the original budget for 2017/18.
6. Energy costs have also increased by £53,000 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	Original Budget 2018/19		Original Budget 2019/20	
	Manpower Full-time equivalent	Estimated cost £'000	Manpower Full-time equivalent	Estimated cost £'000
Garchey Operatives	3	(124)	3	(126)
Cleaners	36	(1,152)	36	(1,187)
Estate Concierge (1/3)	9	(513)	10	(583)
Lobby Porters	12	(657)	12	(691)
Total Barbican Residential	60	(2,446)	61	(2,587)

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 01/04/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Later Years £'000	Total £'000
<u>Pre-implementation</u>							
Service Charge	Water system testing	5	2				7
<u>Authority to start work</u>							
Service Charge	Concrete testing	297	815	165			1,277
Service Charge	Communal repairs / redecorations	1,368	235	745			2,348
TOTAL BARBICAN RESIDENTIAL		1,670	1,052	910	0	0	3,632

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. A proportion of the costs for these schemes will be recoverable from residents via service charges
12. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2019.

Appendices

Appendix 1 = Analysis of Repairs, Maintenance and Minor Improvements

Appendix 2 = Support Services and Capital Charges

Appendix 3 = Reconciliation of 2018/19 Original Budget to Latest Approved Budget 2018/19

Contact: Goshe Munir (1571) or Mark Jarvis (1221)
Chamberlain's Department

Dr. P. Kane
Chamberlain

Andrew Carter
Director of Community and Children's Services

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 2018/19 £000	Latest Budget 2018/19 £000	Original Budget 2019/20 £000
Responsive and Contract Servicing including Building			
Miscellaneous Works	(1,181)	(1,123)	(1,205)
IRS maintenance	(30)	(30)	(30)
Responsive and Contract Servicing - Lifts	(272)	(272)	(300)
Drainage Repairs / Remedial Work	(61)	(81)	(61)
Sub Total Responsive and Contract Servicing	(1,544)	(1,506)	(1,596)
Asbestos Removal	(110)	(110)	(60)
Water Supply Works	0	(75)	(45)
Electrical Testing	(10)	(10)	(10)
Upgrade Safety/Security Installations	(36)	(36)	(40)
Consultants Fees	(35)	(25)	(35)
Emergency lighting to stairs, corridors and plant rooms	(20)	(20)	(20)
Asset Management	(50)	(150)	(50)
TOTAL	(1,805)	(1,932)	(1,856)

Appendix 2

Support Service and Capital Charges from/to Barbican Service Charges	Actual 2017/18 £0	Original Budget 2018/19 £0	Latest Approved Budget 2018/19 £0	Original Budget 2019/20 £0
Support Service and Capital Charges				
Insurance	(39)	(51)	(40)	(41)
IS Staff Recharge	(41)	(39)	(42)	(39)
Total Support Services	(80)	(90)	(82)	(80)
Recharges within Committee				
Cleaning and Lighting	121	126	126	126
Barbican Supervision and Management	(840)	(807)	(698)	(834)
Recharges Within Funds				
DCCS	(553)	(428)	(579)	(579)
Contributions to Funds and Provisions				
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	(1,352)	(1,199)	(1,233)	(1,367)

Appendix 3

Reconciliation of 2018/19 Original Budget to Latest Approved Budget	£'000
Original Budget Net Expenditure	0
Increase in Supplementary Revenue Projects (Concrete Testing & Communal Repairs / Redecorations)	(300)
Revised estimates of employee costs.	(54)
Premises Related Expenses increase (Mainly water supply works and asset management)	(123)
Balancing increased income.	477
Latest Approved Budget Net Expenditure	0