

<b>Committee(s)</b>	<b>Dated:</b>
Barbican Residents Consultation Committee (for information)	02 December 2019
Barbican Residential Committee	16 December 2019
<b>Subject:</b> Revenue and Capital Budgets - Latest Approved Budget 2019/20 and Original 2020/21 Excluding dwellings service charge income and expenditure	<b>Public</b>
<b>Report of:</b> The Chamberlain Director of Community & Children's Services	<b>For Decision by BRC</b>

### Summary

This report is the annual submission of the revenue and capital budgets overseen by your Committee. In particular it seeks approval to the provisional revenue budget for 2020/21, for subsequent submission to the Finance Committee. Details of the Committee's draft capital budget are also provided. The budgets have been prepared within the resources allocated to the Director.

These accounts do not include income and expenditure in relation to dwellings service charges, which is the subject to a separate report before you today, but does include the following:-

- Landlord Services

This includes income and expenditure relating to short term lessee flats, void flats and commercial properties as well as grounds maintenance for public areas.

- Car Parking

The running expenses, capital charges, rent income and service charges relating to 1,273 car spaces of which some 897 are currently occupied.

- Baggage Stores

The running expenses, capital charges, rent income and service charges relating to 1,625 baggage stores. 1340 baggage stores are currently occupied.

- Trade Centre

This is a commercial area of some 117,000 square feet bounded broadly by Beech Street, Aldersgate Street, Fann Street and Bridgewater Square. Capital charges are the main item of expense, although some premises and supervision and management costs are incurred. Income comprises rent and charges for services including Virgin Active, GSMD Practice room, Laundrette, Parking Services and Creche.

The provisional nature of the revenue budgets particularly recognises that further revisions may arise from the necessary realignment of funds resulting from corporate projects.

Summary of Table 1	Original Budget 2019/20	Original Budget 2020/21	Movement
	£'000	£'000	£'000
Expenditure	(3,613)	(3,340)	273
Income	5,205	5,052	(153)
<b>Net Income (Local and Central Risk)</b>	<b>1,592</b>	<b>1,712</b>	<b>120</b>
Capital Charges and Support services	(4,537)	(4,354)	183
Total Net Expenditure	(2,945)	(2,642)	303

Overall, the 2020/21 provisional revenue budget totals a decrease of £2,642,000 a variance of £303,000 compared with the Original Budget for 2019/20 of 2,945,000. The main reason for this variance is reduction in Repairs and Maintenance costs and Capital Charges and Support services.

### Recommendations

The Committee is requested to:

- Review the provisional 2020/21 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
- Review and approve the draft capital budget;
- Authorise the Chamberlain to revise these budgets to allow for further implications arising from departmental reorganisations and other reviews including corporate projects.

### Main Report

#### Introduction

1. This report sets out the proposed revenue budget and capital budgets for 2020/21. The revenue budget management arrangements are to:
  - Provide a clear distinction between local risk, central risk and recharge budgets
  - 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 original approved budget for the current year.

The report also compares the current year's budget with the forecast outturn.

### **Proposed Revenue Budget for 2020/21**

3. The proposed Revenue Budget for 2020/21 is shown in Table 1 overleaf analysed between:
  - 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.
4. The provisional 2020/21 budgets, under the control of the Director of Community & Children's Services being presented to your Committee, have been prepared in accordance with guidelines agreed by the Policy and Resources and Finance Committees. This includes a 2% efficiency saving and 2.45% pay and prices inflating uplift. The budget has been prepared within the resources allocated to the Chief Officer.

<b>Table 1 - Analysis of Service Expenditure</b>	Local or Central Risk	Actual 2018-19 £'000	Original Budget 2019-20 £'000	Latest Budget 2019-20 £'000	Original Budget 2020-21 £'000	Movement OB 2019-20 to OB 2020-21 £'000	Paragraph Reference
<b>EXPENDITURE</b>							
Employees	L	(1,954)	(1,920)	(2,032)	(2,001)	(81)	7
Repairs and Maintenance	L	(871)	(1,282)	(1280)	(887)	395	10
Other Premises Related Expenditure	L	(321)	(289)	(290)	(288)	1	
Supplies & Services	L	(101)	(121)	(163)	(163)	(42)	
Transport	L	(1)	(1)	(1)	(1)	0	
Supplementary Revenue Projects	C	(315)	0	(291)	0	0	
<b>Total Expenditure</b>		<b>(3,563)</b>	<b>(3,613)</b>	<b>(4,057)</b>	<b>(3,340)</b>	273	
<b>INCOME</b>							
Customer, Client Receipts (mainly rents and non-dwelling service charges)	L	4,677	4,980	5,028	4,827	(153)	8
Charge for insurance	C	207	225	320	225	0	
<b>Total Income</b>		4,884	5,205	5,348	5,052	(153)	
NET INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		1,321	1,592	1,291	1,712	120	
<b>SUPPORT SERVICES AND CAPITAL CHARGES</b>							
Central Support Services and Capital Charges		(5,420)	(5,226)	(4,807)	(4,725)	501	
Recharges within Fund & Committee		(22)	(19)	(26)	(27)	(8)	
Recharges to Service Charge Account		748	708	674	398	(310)	
<b>Total Support Services and Capital charges</b>		<b>(4,694)</b>	<b>(4,537)</b>	<b>(4,159)</b>	<b>(4,354)</b>	183	9
<b>TOTAL NET EXPENDITURE</b>		<b>(3,373)</b>	<b>(2,945)</b>	<b>(2,868)</b>	<b>(2,642)</b>	303	6

Notes - Examples of types of service expenditure: -

- (i) Other Premises Related Expenses – includes energy costs, rates, water services, cleaning and domestic supplies

5. Expenditure and adverse variances are presented in brackets. An analysis of this Revenue Expenditure by Service Managed is provided in Appendix 1. Only significant variances (generally those greater than £100,000) have been commented on in the following paragraphs.
6. Overall there is a decrease in net expenditure of £303,000 in the overall budget between the 2019/20 original approved budget and the 2020/21 original budget. The main movements are explained by the variances in the following paragraphs.
7. There has been an increase in employee budgets of £81,000. This reflects the agreed increases in pay including a provision for a 2.45% inflation increase and incremental staff progression and the use of agency staff. Analysis of the movement in manpower and related staff costs are shown in Table 2 below.

Table 2 - Manpower statement	Original Budget		Original Budget	
	2019/20		2020/21	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Supervision and Management	14	(880)	15	(956)
Car Parking - Estate Concierge (2/3)	18	(1040)	18	(1,045)
<b>Total</b>	32	(1,920)	33	(2,001)

8. Income has decreased by £153,000 this is a result of a reduction in the number of car parking bays rented out, also a reduction in residents flats which are rented out.
9. A detailed breakdown of the movement on Central Support Services and Capital Charges is presented in Appendix 2.
10. Repairs and maintenance costs are expected to be £395,000 less in 2020/21 than in 2019/20 as a result of lower breakdown maintenance costs. A detailed breakdown of Repairs and Maintenance costs is provided in Appendix 3.

### **Potential Further Budget Developments**

11. The provisional nature of the 2020/21 revenue budget recognises that further revisions may be required.

## Draft Capital and Supplementary Revenue Budgets

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

Service	Project	Exp. Pre 01/04/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Later Years £'000	Total £'000
	<u>Authority to Start Work</u>							
Landlord Costs	Beech Garden Podium Waterproofing	4,448	203					4,651
Landlord Costs	Residential baggage stores	433	36					469
Landlord Costs	Contractor's Office	298	12					310
Landlord Costs	Frobisher Crescent Balcony Works	326	40					366
<b>TOTAL BARBICAN RESIDENTIAL (LANDLORD COSTS)</b>		<b>5,505</b>	<b>291</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,796</b>

14. All of the above schemes are largely complete with residual costs anticipated in 2019/20.
15. 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 2020.

### Capital Bid

The Barbican Turret John Wesley High Walk capital project has bid for an additional £43,000 of corporate funds to apply for planning permission to enable the site to be sold with revised planning permission.

### **Appendices**

Appendix 1: Revenue Expenditure by Service Managed

Appendix 2: Support Service and Capital Charges from/to Barbican Residential Committee

Appendix 3: Analysis of Repairs, Maintenance and Minor Improvements

Appendix 4: Original Budget 2019/20 to Latest Approved Budget

**Dr Peter Kane**  
**Chamberlain**  
**Services**

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

**Andrew Carter**  
**Director of Community & Children's**

## APPENDIX 1

Analysis by Service Managed	Actual 2018-19 £'000	Original Budget 2019-20 £'000	Latest Budget 2019-20 £'000	Original Budget 2020-21 £'000	Movement 2019-20 to 2020-21 £'000
<b>CITY FUND</b>					
Supervision & Management (fully recharged)	0	0	0	0	0
Landlord Services	(2,834)	(3,223)	(3,185)	(2,953)	270
Car Parking (inc new baggage stores)	(1013)	(238)	(369)	(346)	(108)
Baggage Stores (residential blocks)*	(80)	(75)	38	5	80
Trade Centre	572	597	649	653	56
Other Non-Housing	(17)	(6)	(1)	(1)	5
<b>TOTAL Net Expenditure</b>	<b>(3,372)</b>	<b>(2,945)</b>	<b>(2,868)</b>	<b>(2,642)</b>	<b>(303)</b>

\*Note that the Baggage Stores within the car parks are included in the Car Park Account.

### Supervision and Management – General

This section relates to the requirements of the Barbican Estate Office including staffing, premises, information technology and support from Guildhall. The Estate Office is responsible for the management of the flats, commercial units, car parks and baggage stores. Management includes repairs and maintenance, security, cleanliness of common parts, calculation of service charges and the initial stages of arrears recovery. Total expenditure on this section is fully recharged to other sections of these accounts plus a relevant proportion to the Service Charge account, which is the subject to a separate report before you today. The IT costs are recharged on number of transactions while the other costs are allocated broadly on time sheet information.

### Landlord Services

Expenditure includes repairs to the interior of short-term lessees' flats and void flats. Grounds maintenance of public areas, insurance (other than that included in the Service Charge Account for lifts and the garchey system), capital charges relating to properties not sold on a long lease, and supervision and management. Income includes rent income from short term tenancies (apart from the service charge element), rent from ten commercial properties, licence fees for various aerial sites, and reimbursements for insurance, dilapidations and other services. Long lessees have the option to arrange alternative insurance to that provided through the City and, consequently, insurance is accounted for in the Landlord Account rather than as part of the Service Charge Account.

### Car Parking

The running expenses, capital charges, rent income and service charges relating to 1,273 car spaces of which some 603 are let to residents and 27 are let to commercial occupiers. There are also 267 bays held on long licences. Long Licensees pay a service charge in respect of the services provided to all car parks.

The income and expenses for the stores located within the car parks are also included in the car park account.

### **Baggage Stores**

The running expenses, capital charges, rent income and service charges relating to 1,050 baggage stores located in the residential blocks.

### **Trade Centre**

This is a commercial area of some 117,000 square feet bounded broadly by Beech Street, Aldersgate Street, Fann Street and Bridgewater Square. Capital charges are the main item of expense, although some premises and supervision and management costs are incurred. Income comprises rent and charges for services including Virgin Active, GSMD Practice room, Laundrette, Parking Services and Creche.



## APPENDIX 2

<b>Support Service and Capital Charges from/to Barbican Residential Committee</b>	<b>Actual 2018/19 £'000</b>	<b>Original Budget 2019/20 £'000</b>	<b>Latest Budget 2019/20 £'000</b>	<b>Original Budget 2020/21 £'000</b>
<b>Support Service and Capital Charges</b>				
Insurance	(278)	(294)	(296)	(300)
IS Recharges	(219)	(225)	(230)	(207)
Capital Charges	(4,287)	(4,095)	(3,654)	(3,668)
Chamberlain	(409)	(395)	(456)	(395)
Comptroller and City Solicitor	(87)	(61)	(19)	(14)
Town Clerk	(120)	(141)	(137)	(127)
City Surveyor	(2)	(1)	(1)	(1)
Other Services	(13)	(14)	(14)	(13)
<b>Total Support Services and Capital Charges</b>	<b>(5,415)</b>	<b>(5,226)</b>	<b>(4,807)</b>	<b>(4,725)</b>
<b>Recharges Within Funds</b>				
Corporate and Democratic Core - Finance Committee	50	50	50	50
HRA	6	11	4	4
Community and Children's Services Committee	(79)	(80)	(80)	(81)
Service Charge Account	748	708	674	398
<b>TOTAL SUPPORT SERVICE AND CAPITAL Charges</b>	<b>(4,690)</b>	<b>(4,537)</b>	<b>(4,159)</b>	<b>(4,354)</b>

\* Various services including central training, corporate printing, occupational health, union costs and environmental and sustainability section.

## APPENDIX 3

**ANALYSIS OF REPAIRS, MAINTENANCE AND MINOR IMPROVEMENTS  
ALL LOCAL RISK**

	Original Budget 2019/20	Latest Budget 2019/20	Original Budget 2020/21	
	£'000	£'000	£'000	
<b><u>Supervision &amp; Management Holding</u></b>				
<b><u>Account</u></b>				
Estate Office - Breakdown Maintenance	(9)	(9)	(9)	E
<b>Total Supervision &amp; Management Holding Account</b>	<b>(9)</b>	<b>(9)</b>	<b>(9)</b>	
<b><u>Services and Repairs - Landlords</u></b>				
Breakdown Maintenance	(841)	(763)	(451)	E
Drains	(97)	(97)	(97)	
Insurance Works	(35)	(35)	(35)	
Dilapidations	(15)	(15)	(15)	
Lift contract servicing	(7)	(29)	(7)	
Asbestos data	(5)	(5)	(5)	
Redecorations Works	(35)	(35)	(35)	A
<b>Total Services and Repairs - Landlords</b>	<b>(1,035)</b>	<b>(979)</b>	<b>(645)</b>	
<b><u>Car Parking</u></b>				
Breakdown Maintenance - Building	(193)	(293)	(193)	E
Safety Security	(1)	(1)	(1)	
<b>Total Car Parking</b>	<b>(194)</b>	<b>(294)</b>	<b>(194)</b>	
<b><u>Stores</u></b>				
Breakdown Maintenance	(7)	(7)	(7)	E
<b>Total Stores</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>	
<b><u>Trade Centre</u></b>				
Breakdown Maintenance	(37)	(32)	(32)	E
<b>Total Trade Centre</b>	<b>(37)</b>	<b>(32)</b>	<b>(32)</b>	
<b><u>Other Non-Housing</u></b>				
Breakdown Maintenance	0	0	0	E
<b>Total Other Non-Housing</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL</b>	<b>(1,282)</b>	<b>(1,321)</b>	<b>(887)</b>	

E = ESSENTIAL

A = ADVISABLE

D = DESIRABLE

## Appendix 4

<b>Original Budget 2019/20 to Latest Approved Budget</b>	<b>£'000</b>
Original Budget Net Income	(2,945)
Supplementary Revenue Projects	(291)
Reduction in Central Support Services and Capital Charges	378
Other movements	(10)
<b>Latest Approved Budget</b>	<b>(2,868)</b>