

Committee(s)	Dated:
Residents Consultation	25 January 2021
Barbican Residential	2 February 2021
Subject: Revenue and Capital Budgets - Latest Approved Budget 2020/21 and Original 2021/22 Excluding dwellings service charge income and expenditure	Public
Report of: The Chamberlain Director of Community & Children's Services	For Decision

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 2021/22, for subsequent submission to the Finance Committee. Details of the Committee's draft capital budget are also provided.

"The proposed budget for 2021/22 has been prepared within the resource envelope allocated to each Director by Resource Allocation Sub Committee, including the Department's Target Operating Model (TOM) efficiency savings of 12%."

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 904 are currently occupied.

- Baggage Stores

The running expenses, capital charges, rent income and service charges relating to 1,625 baggage stores. 1434 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 2020/21	Original Budget 2021/22	Movement
	£'000	£'000	£'000
Expenditure	(3,340)	(3,464)	(124)
Income	5,052	5,048	(4)
Net Income (Local and Central Risk)	1,712	1,584	(128)
Capital Charges and Support services	(4,354)	(3,956)	398
Total Net Income/Expenditure	(2,642)	(2,372)	270

Overall, the 2021/22 provisional net revenue expenditure budget totals £2,372,000 a reduction of £270,000 compared with the Original Budget for 2020/21 of 2,642,000. The main reason for this variance is the 12% TOM efficiency savings, alongside increases in repairs & maintenance which were offset by reductions in Capital Charges and Support services.

Recommendations

The Committee is requested to:

- Review the provisional 2021/22 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 2021/22. 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 2021/22

3. The proposed Revenue Budget for 2021/22 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 2021/22 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 offset by 2% inflation allowance and the Department's Target Operating Model (TOM) efficiency savings of 12%. The budget has been prepared within the resources allocated to the Chief Officer.

Analysis of Service Expenditure	Local or Central Risk	Actual 2019-20 £'000	Original Budget 2020-21 £'000	Latest Approved Budget 2020-21 £'000	Original Budget 2021-22 £'000	Movement OB 2020-21 to OB 2021-22 £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(1,951)	(2,001)	(2,009)	(2,030)	(29)	
Repairs and Maintenance	L	(992)	(887)	(1,626)	(1,354)	(467)	7
Other Premises Related Expenditure	L	(369)	(288)	(299)	(299)	(11)	
Supplies & Services	L	(206)	(163)	(156)	(155)	8	
Transport	L	(0)	(1)	(1)	(1)	0	
TOM efficiency savings of 12%.	L	0	0	0	391	391	8
Supplementary Revenue Projects	C	(0)	0	(155)	(16)	(16)	
Total Expenditure		(3,518)	(3,340)	(4,246)	(3,464)	(124)	
INCOME							
Customer, Client Receipts (mainly rents and non-dwelling service charges)	L	5,146	4,827	4,955	4,823	(4)	
Charge for insurance	C	325	225	193	225	0	
Total Income		5,472	5,052	5,148	5,048	(4)	
NET INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		1,954	1,712	902	1,584	(128)	
CHARGES							
SUPPORT SERVICES AND CAPITAL CHARGES							
Central Support Services and Capital Charges		(4,734)	(4,725)	(4,724)	(4,591)	134	Point 9 - Appendix 2
Recharges within Fund & Committee		(123)	(27)	(135)	(141)	(114)	
Recharges to Service Charge Account		871	398	824	776	378	
Total Support Services and Capital charges		(3,986)	(4,354)	(4,035)	(3,956)	398	
TOTAL NET EXPENDITURE		(2,032)	(2,642)	(3,101)	(2,372)	270	

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 £270,000 in the overall budget between the 2020/21 original budget and the 2021/22 original budget. The main movements are explained by the variances in the following paragraphs.
7. Repairs and maintenance costs are expected to be £467,000 higher due to additional provisions for breakdown maintenance in 2021/22 as set in the detailed breakdown of Repairs and Maintenance costs provided in Appendix 3.

Table 2 - Manpower statement	Original Budget		Original Budget	
	2020/21		2021/22	
Non-Service Charge Staffing	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Total	33	(2,001)	33	(2,030)

8. The proposed budget for 2021/22 has been prepared within the resource envelope allocated to each Director by Resource Allocation Sub Committee, including the Department's Target Operating Model (TOM) efficiency savings of 12%. The savings will be met from Landlord's repairs and maintenance and from the Car Park Account
9. A detailed breakdown of the movement on Central Support Services and Capital Charges is presented in Appendix 2.

Potential Further Budget Developments

10. The provisional nature of the 2021/22 revenue budget recognises that further revisions may be required.

Draft Capital and Supplementary Revenue Budgets

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

Service	Project	Exp. Pre 01/04/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Later Years £'000	Total £'000
	<u>Authority to Start Work</u>						
Landlord	Contractor Office Conversion Andrewes House	298	12	-	-	-	310
Landlord	Beech Garden Podium Waterproofing	4,188	86	-	-	-	4,274
Landlord	Frobisher Crescent Balcony Works	326	40	-	-	-	366
	<u>Disposal Costs</u>						
Landlord	Barbican Turret	143	17	16	-	-	176
TOTAL BARBICAN RESIDENTIAL		4,955	155	16	0	0	5,126

12. Pre-implementation costs comprise only feasibility and options appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.

13. 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 2021.

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

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Analysis by Service Managed	Actual 2019-20 £'000	Original Budget 2020-21 £'000	Latest Approved 2020-21 Budget £'000	Original Budget 2021-22 £'000	Movement 2020-2021 to 2021-22 £'000
CITY FUND					
Supervision & Management (fully recharged)	(0)	0	0	0	0
Landlord Services	(2,454)	(2,953)	(3,178)	(2,887)	66
Car Parking	(414)	(346)	(421)	(387)	(41)
Baggage Stores	53	5	(6)	0	(5)
Trade Centre	772	653	505	512	(141)
Other Non-Housing	9	(1)	(1)	(1)	0
TOM efficiency savings of 12%.	0	0	0	391	391
TOTAL	(2,033)	(2,642)	(3,101)	(2,372)	270

*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 904 are occupied including 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, Finn 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

Support Service and Capital Charges from/to Barbican Residential Committee	Actual 2019/20 £'000	Original Budget 2020/21 £'000	Latest Approved Budget 2020/21 £'000	Original Budget 2021/22 £'000
Support Service and Capital Charges				
Insurance	(296)	(300)	(300)	(301)
IS Recharges	(218)	(207)	(199)	(162)
Capital Charges	(3,654)	(3,668)	(3,675)	(3,647)
Chamberlain	(405)	(395)	(395)	(335)
Comptroller and City Solicitor	(19)	(14)	(14)	(16)
Town Clerk	(132)	(127)	(127)	(119)
City Surveyor	(0)	(1)	(1)	(0)
Other Services	(10)	(13)	(13)	(11)
Total Support Services and Capital Charges	(4,734)	(4,725)	(4,724)	(4,591)
Recharges Within Funds				
Corporate and Democratic Core - Finance Committee	50	50	50	50
HRA	13	4	4	4
Community and Children's Services Committee	(186)	(81)	(189)	(195)
Service Charge Account	871	398	824	776
TOTAL SUPPORT SERVICE AND CAPITAL Charges	(3,986)	(4,354)	(4,035)	(3,956)

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

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

	Original Budget 2020/21 £'000	Latest Approved Budget 2020/21 £'000	Original Budget 2021/22 £'000	
<u>Supervision & Management Holding Account</u>				
Estate Office - Breakdown Maintenance	(9)	(9)	(11)	E
Total Supervision & Management Holding Account	(9)	(9)	(11)	
<u>Services and Repairs - Landlords</u>				
Breakdown Maintenance	(451)	(987)	(792)	E
Drains	(97)	(97)	(97)	
Insurance Works	(35)	(35)	(35)	
Dilapidations	(15)	(15)	(15)	
Lift contract servicing	(7)	(7)	(7)	
Asbestos data	(5)	(5)	(6)	
Redecorations Works	(35)	(25)	(35)	A
Total Services and Repairs - Landlords	(645)	(1,171)	(987)	
<u>Car Parking</u>				
Breakdown Maintenance - Building	(193)	(418)	(313)	E
Safety Security	(1)	(1)	(2)	
Total Car Parking	(194)	(419)	(315)	
<u>Stores</u>				
Breakdown Maintenance	(7)	(7)	(9)	E
Total Stores	(7)	(7)	(9)	
<u>Trade Centre</u>				
Breakdown Maintenance	(32)	(20)	(32)	E
Total Trade Centre	(32)	(20)	(32)	
<u>Other Non-Housing</u>				
Breakdown Maintenance	0	0	0	E
Total Other Non-Housing	0	0	0	
TOTAL	(887)	(1,626)	(1,354)	

E = ESSENTIAL

A = ADVISABLE

D = DESIRABLE

Appendix 4

Original Budget 2020/21 to Latest Approved Budget	£'000
Original Budget Net Income	(2,642)
Supplementary Revenue Projects	(155)
Increase in Breakdown Maintenance	(740)
Recharges to Service Charge Account	319
Customer, Client Receipts (Increase income related to baggage stores)	128
Other movements	(11)
Latest Approved Budget	(3,101)