

<b>Committee(s):</b> Residents Consultation  Barbican Residential	<b>Dated:</b> 25 January 2021  2 February 2021
<b>Subject:</b> Service Charge Expenditure and Income Account - Latest Approved Budget 2020/21 and Original Budget 2021/22	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	4,12.
<b>Does this proposal require extra revenue and/or capital spending?</b>	N
<b>If so, how much?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	Y
<b>Report of:</b> The Chamberlain Director of Community & Children's Services	<b>For Decision</b>
<b>Report author:</b> Goshe Munir, Senior Accountant, Chamberlain's Department	

### Summary

This report sets out the original budget for 2020/21 and 2021/22 for revenue expenditure included within the service charge in respect of 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 2021/22 total expenditure including net recharges is £10,019,000 compared to the 2020/21 original approved budget of £9,337,000 a increase of £682,000.

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.

<b>Summary Of Table 1</b>	<b>Original Budget 2020/21 £'000</b>	<b>Original Budget 2021/22 £'000</b>	<b>Movement £'000</b>
Expenditure	(8,220)	(8,688)	(468)
Recharges	(1,117)	(1,331)	(214)
Income	9,337	10,019	682
<b>Total Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **Recommendations**

The Committee is requested to:

- Review the provisional 2021/21 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 2021/22. 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 2021/22**

3. The proposed Revenue Budget for 2021/22 is shown in table 1 overleaf. Note a reconciliation of the 2020/21 latest agreed budget to the 2020/21 original budget is also provided for information 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.

<b>Table 1 - Analysis of Service Expenditure</b>	Local, Central Risk or Recharges	Actual 2019-20 £'000	Original Budget 2020-21 £'000	Latest Approved Budget 2020-21 £'000	Original Budget 2021-22 £'000	Movement 2020-21 to 2021-22 £'000	Paragraph Reference
Expenditure							
Employees	L	(2,590)	(2,724)	(2,694)	(2,608)	116	4
Premises Related Expenses							
Repairs and Maintenance	L	(2,467)	(1,939)	(2,099)	(2,234)	(295)	5
Supplementary Revenue Projects	C	(706)	(425)	(966)	(610)	(185)	6
Energy Costs	L	(2,594)	(2,503)	(2,567)	(2,580)	(77)	7
Rents	L	(137)	(141)	(142)	(143)	(2)	
Rates	L	(14)	(19)	(19)	(19)	0	
Water Services	L	(2)	(3)	(3)	(3)	0	
Cleaning and Domestic Supplies	L	(120)	(222)	(243)	(246)	(24)	
Grounds Maintenance	L	(139)	(130)	(130)	(130)	0	
Supplies and Services							
Equipment, Furniture and Materials	L	(40)	(74)	(74)	(74)	0	
Catering	L	0	(1)	(1)	(1)	0	
Uniforms	L	(9)	(12)	(12)	(13)	(1)	
Printing, Stationery and Office Exp.	L	(6)	(6)	(6)	(6)	0	
Fees and Services	L	(21)	(1)	(1)	(1)	0	
Contributions to Provisions	L	(0)	0	0	0	0	
Communication and Computing	L	(12)	(20)	(20)	(20)	0	
<b>Total Expenditure</b>		<b>(8,857)</b>	<b>(8,220)</b>	<b>(8,977)</b>	<b>(8,688)</b>	<b>(468)</b>	
<b>Income</b>							
Total Income	L/C	10,286	9,337	10,360	10,019	682	
<b>Net Income</b>		<b>1,429</b>	<b>1,117</b>	<b>1,383</b>	<b>1,331</b>	<b>214</b>	
<b>Recharges</b>							
Expenditure	R	(1,585)	(1,697)	(1,509)	(1,457)	240	
Income	R	156	580	126	126	(454)	
<b>Total Recharges</b>		<b>(1,429)</b>	<b>(1,117)</b>	<b>(1,383)</b>	<b>(1,331)</b>	<b>(214)</b>	
<b>Total Service Charge Account</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

4. Employees costs have decreased by £116,000 as shown in Table 2 below. Cost decrease is mainly due to due to a reduction in cleaning staff following a review of work schedules.
5. Repairs and maintenance costs have increased by £295,000 compared to the original budget due to increase in costs for responsive repairs, lift maintenance and drainage works. A full breakdown is provided in Appendix 1.
6. The cost of supplementary revenue projects is expected to be £610,000 and relates mainly to the redecoration programme as set in paragraph 8 below.
7. Energy costs have increased by £77,000 to reflect actuals and expected consumption.

Table 2 - Manpower statement	Original Budget 2020/21		Original Budget 2021/22	
	Manpower Full-time equivalent	Estimated cost £'000	Manpower Full-time equivalent	Estimated cost £'000
Service Charge Account	61	(2,724)	57	(2,608)

### Draft Capital and Supplementary Revenue Budgets

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

	Project	Exp. Pre 01/04/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Later Years £'000	Total £'000
	<b><u>Pre-implementation</u></b>						
Service Charge	Renew Door Entry System	20	3	-	-	-	23
	<b><u>Authority to Start Work</u></b>						
Service Charge	Communal Repairs	1,736	502	-	-	-	2,238
Service Charge	Concrete Repairs	740	33	-	-	-	773
Service Charge	Redecoration 2020-25	24	55	610	1,103	2,125	3,917
Service Charge	Water System	463	373	-	-	-	836
<b>TOTAL BARBICAN RESIDENTIAL</b>		<b>2,983</b>	<b>966</b>	<b>610</b>	<b>1,103</b>	<b>2,125</b>	<b>7,787</b>

9. 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.

10. A significant proportion of the costs for these schemes will be recoverable from residents via service charges.

11. 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 = Analysis of Repairs, Maintenance and Minor Improvements

Appendix 2 = Support Services and Capital Charges

Appendix 3 = Reconciliation of 2020/21 Original Budget to Latest Approved Budget 2019/20

Appendix 4 = Actual service charge 2019/20 billed to residents and the estimated service charge billed to residents for 2020/21.

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**Chamberlain**

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**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 2020/21 £000	Latest Budget 2020/21 £000	Original Budget 2021/22 £000
Responsive and Contract Servicing including Building			
Miscellaneous Works	(1,155)	(1,275)	(1,305)
IRS maintenance	(40)	(40)	(40)
Responsive and Contract Servicing - Lifts	(296)	(396)	(401)
Drainage Repairs / Remedial Work	(62)	(62)	(112)
Water Penetration	(75)	0	(75)
<b>Sub Total Responsive and Contract Servicing</b>	<b>(1,628)</b>	<b>(1,773)</b>	<b>(1,933)</b>
Asbestos Removal	(60)	(70)	(70)
Water Supply Works	(100)	(100)	(100)
Electrical Testing	(64)	(24)	(44)
Upgrade Safety/Security Installations	(40)	(40)	(40)
Consultants Fees	(30)	(10)	(30)
Emergency lighting to stairs, corridors and plant rooms	(17)	(7)	(17)
Asset Management	0	(75)	0
<b>TOTAL</b>	<b>(1,939)</b>	<b>(2,099)</b>	<b>(2,234)</b>

## Appendix 2

Support Service and Capital Charges from/to  Barbican Service Charges	Actual  2019/20 000	Original Budget 2020/21 000	Latest Approved Budget 2020/21 000	Original Budget 2021/22 000
<b>Support Service and Capital Charges</b>				
Insurance	(41)	(43)	(43)	(43)
IS Staff Recharge	(37)	(36)	(36)	(32)
<b>Total Support Services</b>	<b>(78)</b>	<b>(79)</b>	<b>(79)</b>	<b>(75)</b>
<b>Recharges within Committee</b>				
Cleaning and Lighting	134	126	126	126
Barbican Supervision and Management	(1,005)	(524)	(950)	(902)
<b>Recharges Within Funds</b>				
DCCS	(480)	(640)	(480)	(480)
Contributions to Funds and Provisions				
<b>TOTAL SUPPORT SERVICE AND CAPITAL CHARGES</b>	<b>(1,429)</b>	<b>(1,117)</b>	<b>(1,383)</b>	<b>(1,331)</b>

## Appendix 3

Reconciliation of 2020/21 Original Budget to Latest Approved Budget	£'000
Original Budget Net Expenditure	0
Increase in Supplementary Revenue Projects (water system testing and Communal Repairs)	(541)
Revised estimates of employee costs.	30
Premises Related Expenses	(246)
Balancing increased income.	757
<b>Latest Approved Budget Net Expenditure</b>	<b>0</b>

## Appendix 4

This appendix shows the actual service charge 2019/20 as billed to residents and the estimated service charge billed to residents for 2020/21. The total figures are as reported in the Relationship of Barbican Residential Committee Outturn Report to Service Charge Schedules Annex 1. The format is as the service charge schedule provided to residents.

	<b>ACTUAL 2019/20</b>	<b>As Billed ESTIMATE 2020/21</b>	<b>REVISED ESTIMATE 2020/21</b>	<b>ESTIMATE 2021/22</b>
	£	£	£	£
<b>Customer Care</b>				
Costs of Management and Supervision	660,991	694,000	692,000	652,000
<b>Estate Management</b>				
Resident Staff	379,933	413,383	392,000	393,000
Furniture & Fittings	24,933	26,000	30,000	30,000
Window Cleaning	159,321	148,785	186,000	186,000
Cleaners/Porters	1,253,992	1,205,460	1,272,000	1,180,000
Car Park Attendants-	650,067	658,791	665,000	663,000
Lobby Porters	696,088	752,000	762,000	761,000
House Officer	132,776	140,000	135,000	135,000
Sub Total	3,297,110	3,344,419	3,442,000	3,348,000
<b>Property Management</b>				
Garchey Maintenance	243,503	268,000	268,000	272,000
General Repairs	1,550,534	1,321,401	1,332,000	1,627,000
Technical Services -	238,918	228,918	230,000	230,000
Lift Maintenance	390,176	360,649	444,000	449,000
Electricity (Common Parts and Lifts)	492,180	516,441	493,000	494,000
Heating	1,987,745	2,013,099	2,037,000	2,046,000
Sub Total	4,903,057	4,708,508	4,804,000	5,118,000
<b>Open Spaces</b>				
Garden Maintenance	139,377	130,000	130,000	130,000
<b>Total Annually Recurring Items</b>	<b>9,000,535</b>	<b>8,876,927</b>	<b>9,068,000</b>	<b>9,248,000</b>
<b>Non-Annually Recurring Items - Major Works</b>				
Asbestos Removal	93,127	0	70,000	70,000
Water Supply Works	107,186	100,000	100,000	100,000
Electrical Testing	0	0	24,000	44,000
Upgrade Safety/Security Installations	22,516	40,000	40,000	40,000
Consultants Fees	0	0	10,000	30,000
Emergency lighting to stairs, corridors and plant rooms	0	3,000	7,000	17,000
Asset Management	78,983	75,000	75,000	0
Roof Repairs	211,082	0	0	0
<b>SRP Projects</b>				
Redecorations and Communal Repairs	103,225	0	502,000	0
Redecorations 2020-2025	16,356	0	55,000	610,000
Concrete Repairs	77,250	0	33,000	0
Water Tank Repairs/Replacement	428,912	112,406	373,000	0
Door Entry Scheme	0	0	3,000	0
<b>Total Non-Annually Recurring Items</b>	<b>1,138,636</b>	<b>330,406</b>	<b>1,292,000</b>	<b>911,000</b>
<b>TOTAL</b>	<b>10,139,171</b>	<b>9,207,333</b>	<b>10,360,000</b>	<b>10,159,000</b>