

<b>Committee(s):</b>	<b>Date(s):</b>	<b>Item no.</b>
Residents' Consultation	26 November 2012	
Barbican Residential	10 December 2012	
<b>Subject:</b>	<b>Public</b>	
REVENUE AND CAPITAL BUDGETS - 2013/14		
<b>Report of:</b>	<b>For Decision</b>	
The Chamberlain		
Director of Community & Children's Services		

### 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 2013/14, 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.

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	Latest Approved Budget 2012/13 £'000	Original Budget 2013/14 £'000	Movement £'000
Expenditure	9,007	9,295	288
Income	(12,371)	(12,708)	(337)
Support Services and Capital Charges	3,555	3,560	5
Total Net Expenditure	191	147	(44)

Overall, the 2013/14 provisional revenue budget totals a deficit of £147,000, a decrease of £44,000 compared with the Latest Approved Budget for 2012/13. Main reasons for this decrease are :-

- Increase in income of £337,000, is due to the effect of the yearly rent renewals plus service charge increases due to increases in repairs and energy expenditure. This is partly offset by:-
- The repairs and maintenance budget is £199,000 higher than the latest approved budget. A detail of the two budgets showing the variances is set out in appendix 3.
- Other minor variances of £94,000

### **Recommendations**

The Committee is requested to:

- review the provisional 2013/14 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, corporate projects, changes to the Additional Works Programme and implications arising from Carbon Trading Allowances.

## **Main Report**

### **Introduction**

1. This report sets out the proposed revenue budget and capital budgets for 2013/14. 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 latest approved budget for the current year.
3. The report also compares the current year's budget with the forecast outturn.

## **Proposed Revenue Budget for 2013/14**

4. The proposed Revenue Budget for 2013/14 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.
  
5. The provisional 2013/14 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. These include continuing the implementation of the required budget reductions across both local and central risks, as well as the proper control of transfers of non-staffing budget to staffing budgets. The 2% efficiency savings to be achieved by 2014/15 comprise 1% saving in 2013/14 and a further 1% saving in 2014/2015. An allowance towards any potential pay and price increases of 1% for 2013/14 has been included, with 2% to be included for 2014/15. The budget has been prepared within the resources allocated to the Chief Officer.

TABLE 2 COMMUNITY & CHILDREN'S SERVICES SUMMARY – CITY FUND						
Analysis of Service Expenditure	Local or Central Risk	Actual 2011-12 £'000	Latest Approved Budget 2012-13 £'000	Original Budget 2013-14 £'000	Movement 2012-13 to 2013-14 £'000	Paragraph Reference
<b>EXPENDITURE</b>						
Employees	L	3,214	3,414	3,459	45	
Premises Related Expenses (see note i)						
Repairs and Maintenance	L	2,643	2,469	2,668	199	9
Other Premises Related Expenses	L	2,079	2,909	2,978	69	
Supplies & Services	L	139	215	190	(25)	
<b>Total Expenditure</b>		<b>8,075</b>	<b>9,007</b>	<b>9,295</b>	<b>288</b>	
<b>INCOME</b>						
Customer, Client Receipts (mainly rents and service charges)	L/C	(11,632)	(12,371)	(12,708)	(337)	10
<b>Total Income</b>		<b>(11,632)</b>	<b>(12,371)</b>	<b>(12,708)</b>	<b>(337)</b>	
<b>NET INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES</b>		<b>(3,557)</b>	<b>(3,364)</b>	<b>(3,413)</b>	<b>(49)</b>	
<b>SUPPORT SERVICES AND CAPITAL CHARGES</b>						
Central Support Services and Capital Charges		2,943	3,132	3,136	(46)	
Recharges within Fund		451	423	424	51	
<b>Total Support Services and Capital Charges</b>		<b>3,394</b>	<b>3,555</b>	<b>3,560</b>	<b>5</b>	
<b>TOTAL NET INCOME</b>		<b>(163)</b>	<b>191</b>	<b>147</b>	<b>(44)</b>	

Notes - Examples of types of service expenditure:-

(i) Premises Related Expenses – includes repairs & maintenance, energy costs, rates, water services, cleaning and domestic supplies

6. Income and favourable 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.
7. Overall there is a decrease in the deficit of £44,000 in the overall budget between the 2012/13 latest approved budget and the 2013/14 original budget. The main movements are explained by the variances in the following paragraphs.
8. Increase in repairs, maintenance and minor improvements £199,000. A detailed breakdown of the elements that make up the 2012/13 and 2013/14 budget is shown in appendix 3.

9. Increase in customer, client receipts increase of £337,000 is due to the effect of rent renewals and services charges resulting from cost increases in repairs and maintenance and energy expenditure
10. Analysis of the movement in manpower and related staff costs are shown in Table 3 below

Table 3 - Manpower statement	Latest Approved Budget 2012/13		Original Budget 2013/14	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Supervision and Management	7	382	7	384
Service Charges				
Garchey	3	109	3	109
Cleaners	32	906	32	910
Estate Concierge (1/3)	10	416	10	440
Lobby Porters	12	591	12	561
House Officers	3	169	3	170
Total Service Charges	60	2,191	60	2,190
Landlord	0	9	0	5
Car Parking				
Estate Concierge (2/3)	20	832	20	880
<b>TOTAL Barbican Residential</b>	<b>87</b>	<b>3,414</b>	<b>87</b>	<b>3,459</b>

### **Potential Further Budget Developments**

11. The provisional nature of the 2013/14 revenue budget recognises that further revisions may be required, including in relation to:
- budget reductions to capture savings arising from the on-going PP2P reviews;
  - budget adjustments relating to the implementation of the City of London Procurement Service; and
  - decisions on funding of the Additional Work Programme by the Resource Allocation Committee.

## Draft Capital Budget

12. The Committee's draft capital and supplementary revenue project budgets are summarised in the Tables below. Estimated expenditure is analysed as follows:

- Committed – Projects which are contractually committed.
- Uncommitted – Projects which have been the subject of an options appraisal report but are not yet contractually committed.
- Options Appraisal costs – The costs of evaluating all other schemes approved to proceed to that stage.

	Exp. Pre 01/04/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Later Years £'000	Total £'000
<u>Evaluated schemes</u>								
- Uncommitted								
Barbican podium waterproofing		1334	2420					3,754
<b>Total</b>	0	1,334	2,420	0	0	0	0	3,754

	Exp. Pre 01/04/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Later Years £'000	Total £'000
<u>Evaluated schemes</u>								
- Committed								
Barbican Podium waterproofing	136	29						165
<b>Total</b>	136	29	0	0	0	0	0	165

13. The latest updated information on the capital project budgets is being submitted in a progress monitoring report to the Finance Committee on 11 December 2012. Summaries of these budgets will subsequently be used to determine overall financing, with the full capital and supplementary revenue project budgets being presented to the Court of Common Council for approval in March 2013.

## **Appendices**

Appendix 1: Revenue Expenditure by Service Managed

Appendix 2: Support Service and Capital Charges from/to Community & Children's Services Committee

Appendix 3: Analysis of Repairs, Maintenance and Minor Improvements

Appendix 4: Resident's Consultation Committee Appendix.

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**APPENDIX 1**

Analysis by Service Managed	Actual 2011-12 £'000	Latest Approved Budget 2012-13 £'000	Original Budget 2013-14 £'000	Movement 2012-13 to 2013-14 £'000	Paragraph Reference
<b>CITY FUND</b>					
Supervision & Management – Holding Account	0	0	0	0	
Service Charge Account	20	20	20	0	
Landlord Services	87	414	359	(55)	
Car Parking	163	218	229	11	
Stores	(144)	(159)	(170)	(11)	
Trade Centre	(416)	(461)	(450)	11	
Other Non-Housing	127	159	159	0	
<b>TOTAL</b>	<b>(163)</b>	<b>191</b>	<b>147</b>	<b>(44)</b>	

## APPENDIX 2

Support Service and Capital Charges from/to Community & Children's Services Committee	Actual 2011/12 £000	Latest Approved Budget 2012/13 £000	Original Budget 2013/14 £000
<b>Support Service and Capital Charges</b>			
Insurance	356	353	354
IS Recharges - Chamberlain	107	73	69
Capital Charges	1,959	2,247	2,279
Support Services -			
Chamberlain	215	182	169
Comptroller and City Solicitor	137	118	112
Town Clerk	127	112	107
City Surveyor	20	21	21
Other Services*	22	26	25
<b>Total Support Services and Capital Charges</b>	<b>2,943</b>	<b>3,132</b>	<b>3,136</b>
<b>Recharges Within Funds</b>			
Corporate and Democratic Core – Finance Committee	(50)	(50)	(50)
HRA	397	421	421
Community and Children's Services Committee	104	52	53
<b>TOTAL SUPPORT SERVICE AND CAPITAL CHARGES</b>	<b>3,394</b>	<b>3,555</b>	<b>3,560</b>

\* 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**

	<b>Latest Approved Budget 2012/13 £'000</b>	<b>Original Budget 2013/14 £'000</b>		<b>Budget to Budget % Increase (Decrease)</b>
	A	B		B/A
<b><u>Supervision &amp; Management Holding Account</u></b>				
Estate Office - Breakdown Maintenance	9	9	E	
<b>Total Supervision &amp; Management Holding Account</b>	<b>9</b>	<b>9</b>		0
<b><u>Service Charge Account</u></b>				
Costs to be charged to Long Lessees and Landlord. (The latter responsible for short term tenancies and voids).				
Breakdown Maintenance - Building	774	784	E	
- Electrical	54	54	E	
- Lifts	39	39	E	
- H & V	32	32	E	
Contract Servicing - Building	37	37	E	
- Electrical	16	16	E	
- Lifts	259	284	E	
Sub Total Breakdown Maintenance and Contract Servicing	1,211	1,246		
Garchey – Breakdown Maintenance	98	98	E	
External and Internal Redecorations:				
2012/2013 Programme	208	0	A	
2013/2014 Programme	0	248	A	
Upgrade safety/security installations	40	40	E	
Water supply works	61	81	E	
Concrete repairs contingency	190	200	E	
Consultants fees	18	28	A	



	<b>Latest Approved Budget 2012/13 £'000</b>	<b>Original Budget 2013/14 £'000</b>		<b>Budget to Budget % Increase (Decrease)</b>
	<b>A</b>	<b>B</b>		<b>B/A</b>
<b><u>Stores</u></b>				
Breakdown Maintenance	6	6	E	
<b>Total Stores</b>	<b>6</b>	<b>6</b>		<b>0</b>
<b><u>Trade Centre</u></b>				
Breakdown Maintenance	5	5	E	
Contract Servicing	3	3	E	
Podium Works	41	41	E	
<b>Total Trade Centre</b>	<b>49</b>	<b>49</b>		<b>0</b>
<b><u>Other Non-Housing</u></b>				
Breakdown Maintenance	2	2	E	
<b>Total Other Non-Housing</b>	<b>2</b>	<b>2</b>		<b>0</b>
<b>GRAND TOTAL BARBICAN RESIDENTIAL COMMITTEE</b>	<b>2,469</b>	<b>2,668</b>		<b>7</b>

E = ESSENTIAL

A = ADVISABLE

D = DESIRABLE