

<b>Committee(s)</b>	<b>Dated:</b>
Residents' Consultation Committee Barbican Residential Committee	270921 081021
<b>Subject: Service Charge Outturn 2020/21</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>4 12</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>£</b>
<b>What is the source of Funding?</b>	
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>Y/N</b>
<b>Report of:</b> Andrew Carter Director of Community and Children's Services	<b>For Information</b>
<b>Report author:</b> Anne Mason Community and Children's Services	

### Summary

This report provides information on residential service charge expenditure for 2020/21. It also compares the outturn with the 2020/21 estimate and the 2020/21 actual expenditure.

Table 1	Actual 19/20 £,000	Actual 20/21 £,000	Variance Last Year %	Estimate 20/21 £,000	Estimate 21/22 £,000
Annually recurring items	(9,513)	(9,518)	0%	(9,095)	(9,716)
Projects	(626)	(133)	78.75%	(112)	(45)
<b>Total</b>	<b>(10,139)</b>	<b>(9,651)</b>	<b>4.81%</b>	<b>(9,207)</b>	<b>(9,761)</b>

The reconciliation between the amounts charged to leaseholders and the City's closed accounts is set out below.

Table 2 Summary service charge reconciliation 2020/21	£,000
Actual Service Charge Expenditure Corporate Accounts	(9,821)
Fees, charges and cleaning and lighting recharges	119
Barbican Estate Office Adjustments	51
Final Service Charge Expenditure	(9,651)

## Recommendation

Members are asked to:

- Note the report.

## Main Report

### Background

1. This report explains the variations in the service charge outturn and also reconciles the service charge being made to residents and following the closure of the Corporate accounts.

### Current Position

### Key Data

#### Residents' Service Charge Outturn

2. The total amount charged to the service charge account for 2020/21 is £9,651,021 this is 4.81% lower than the 2019/20 charge and 4.82% higher than the estimate.

#### Analysis of the 2020/21 Service Costs ANNEX 1 –

3. This annex shows the expenditure headings on the service charge schedule, with the main basis of attribution and a comparison between the actual service charges for 2019/20 and 2020/21 The estimates for 2020/21 are also shown.
4. The comparison with the 2019/20 actuals shows significant variations for several service heads.

5. The lift maintenance charge was higher in 2019/20 due to the final invoice for 2018/19 being charged in 20/19/2020. Also, there was a reduction repair costs in 2020/21 compared to 2019/20.
6. The furniture and fittings charge is mainly for replacement carpets in the tower and corridor blocks. These replacements are carried out in consultation with the housegroups and usually vary considerably from year to year.
7. The reduction in the window cleaning costs is due to the suspension of the window cleaning service at the start of the financial year.
8. Expenditure on cleaning materials and equipment increased significantly due expenditure on PPE and sanitising chemicals.
9. The decrease in expenditure on cleaning staff reflects a decrease in the supervision and management costs allocated to cleaning.
10. The increase in weekend and bank holiday cleaning costs reflects the additional time spent during the year in the relevant blocks.
11. The higher garden maintenance cost is due to the employment of additional resources as requested by residents.
12. The increase in Car Park attendants' costs is mainly due to increased agency and overtime costs to cover sickness and higher supervision costs. There was also additional expenditure on PPE.
13. The increase in Lobby porters' costs reflects the additional agency and overtime costs to cover sickness and shielding staff. There was also additional expenditure on PPE.
14. The increase in garchey costs is mainly due to an increase in repairs expenditure, from £90.6k in 2019/20 to £145.3k in 2020/21. However, garchey repairs expenditure in 19/20 was significantly lower than the previous year (£124.4k). The increase in expenditure was on works to clear blockages and expenditure on spare parts. Also, over £11k was spent on replacement pumps.
15. Most of the general maintenance expenditure is demand led and can vary considerably from year to year. Overall, the cost of repairs has decreased slightly in comparison to 2019/20. However, expenditure on estate wide repairs increased. The expenditure included work on the underfloor heating system controls at a cost of £11,999.65 as agreed by the underfloor heating working party. £4,800 was spent on the refurbishment of trimmers for the underfloor heating system. £4,162 was spent on replacing fencing at the Thomas More play area. Also, the final quarter's charge £7,576 for the 2019/20 IRS maintenance was paid in 2020/21.
16. Expenditure on electrical repairs decreased. However, in 2019/20 expenditure was higher than usual mainly due to expenditure on emergency lighting and ventilation.

17. Expenditure on interior common parts repairs was also lower than 2019/20. Again, expenditure in 19/20 had been much higher than usual.
18. Exterior repairs expenditure overall increased by less than 3%. However, the increase in expenditure on water penetration repairs continued to rise significantly, by over 40%. This increase mainly affected four blocks Lauderdale Tower, Shakespeare Tower, Andrewes House and Bunyan Court.
19. Expenditure on safety and security was low in 2019/20 due to credits received against previous invoices.
20. The allocation of House Officer, Supervision and Management recharge and Technical recharge are mainly based on timesheet information and reflect the time being spent on service charge issues. This year more of the House Officers' time has been allocated to estate management duties which is included in the Supervision and Management Charge. The overall cost for Supervision and Management and House Officer duties increased by 5.48%.
21. The electricity consumption for the underfloor heating was higher than in 2019/20.

#### Comparison Corporate Account and Final Service Charge Schedule- ANNEX 2 .

22. Due to adjustments made by the BEO is £50,652 lower than the expenditure in the City's accounts.
23. The main adjustments are for heating and water tanks. Accruals made at the end of the year for heating were overstated and adjustments were made to reflect the invoices received in 20/21. The adjustment for the water tanks project is the reversal of last year's adjustment.
24. The adjustment for the redecoration projects is for technical staff costs.
25. The reduction for technical staff cost is for time spent on work chargeable to the landlord.

#### The Corporate Outturn Report ANNEX 3

26. The service charge schedules reflect the services provided and the Lease. The headings are different to the corporate report. For example, the employees are included under the cleaning, lobby porters, car park attendants and garchey headings on the service charge schedules along with the relevant associated costs such as uniforms, materials and repairs. Annex 3 shows the allocation of expenditure in the corporate report.

#### Comparisons to previous years' Service Charge ANNEX 4

27. This shows the service charges by service head for the years 2015/16 – 2020/21.

## **Conclusion**

28. Overall, the estate service charge for the annually recurring items has increased by 2.67%.
29. The Actual Service Charge schedules and an explanatory letter of the various items included on the schedule will be sent to residents by early September.

## **Appendices**

Annex 1-4

## **Background Papers**

None

## **Corporate & Strategic Implications Key Data**

### **Strategic implications –**

Financial implications – Service Charge Expenditure is City Fund.

Resource implications - None

Legal implications - None

Risk implications - None

Equalities implications – None

Climate implications - None

Security implications - None

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