

<b>Committee(s):</b> Residents Consultation	<b>Dated:</b> 17 January 2022
Barbican Residential	27 January 2022
<b>Subject:</b> Service Charge Expenditure and Income Account - Latest Approved Budget 2021/22 and Original Budget 2022/23	<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 information (RCC) For Decision (BRC)</b>
<b>Report author:</b> Goshe Munir, Senior Accountant, Chamberlain's Department	

### Summary

This report sets out the original budget for 2021/22 and 2022/23 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 2022/23 total expenditure including net recharges is £11,347,000 compared to the 2021/22 original approved budget of £10,019,000 an increase of £1,328,000, mainly related to higher expected redecoration and repair costs and forecast higher energy bills.

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 2021/22 £'000</b>	<b>Original Budget 2022/23 £'000</b>	<b>Movement £'000</b>
Expenditure	(8,688)	(10,016)	(1,328)
Recharges	(1,331)	(1,331)	0
Income	10,019	11,347	1,328
Total Net Expenditure	0	0	0

## **Recommendations**

The Committee is requested to:

- Review the provisional 2022/23 net £Nil 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 2022/23. 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 2022/23**

The proposed Revenue Budget for 2022/23 is shown in table 1 overleaf.

- 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 2020-21 £'000	Original Budget 2021-22 £'000	Latest Approved Budget 2021-22 £'000	Original Budget 2022-23 £'000	Movement 2020-21 to 2021-22 £'000	Paragraph Reference
Expenditure							
Employees	L	(2,674)	(2,608)	(2,663)	(2,851)	(243)	3
Premises Related Expenses							
Repairs and Maintenance	L	(2,219)	(2,234)	(2,744)	(2,474)	(240)	4
Supplementary Revenue Projects	C	(91)	(610)	(418)	(1,108)	(498)	5
Energy Costs	L	(2,656)	(2,580)	(2,839)	(2,867)	(287)	6
Rents	L	(140)	(143)	(135)	(138)	5	
Rates	L	(17)	(19)	(20)	(20)	(1)	
Water Services	L	0	(3)	(3)	(3)	0	
Cleaning and Domestic Supplies	L	(207)	(246)	(264)	(267)	(21)	7
Grounds Maintenance	L	(172)	(130)	(180)	(180)	(50)	8
Supplies and Services							
Equipment, Furniture and Materials	L	(31)	(74)	(67)	(67)	7	
Catering	L	0	(1)	(1)	(1)	0	
Uniforms	L	(8)	(13)	(13)	(13)	0	
Printing, Stationery and Office Exp.	L	(1)	(6)	(5)	(6)	0	
Fees and Services	L	(37)	(1)	(1)	(1)	0	
Contributions to Provisions	L	(1)	0	0	0	0	
Communication and Computing	L	(12)	(20)	(20)	(20)	0	
<b>Total Expenditure</b>		<b>(8,266)</b>	<b>(8,688)</b>	<b>(9,373)</b>	<b>(10,016)</b>	<b>(1,328)</b>	
<b>Income</b>							
Total Income	L/C	9,675	10,019	10,704	11,347	1,328	
<b>Net Income</b>		1,409	1,331	1,331	1,331	0	
<b>Recharges</b>							
Expenditure	R	(1,553)	(1,457)	(1,457)	(1,457)	0	
Income	R	144	126	126	126	0	
<b>Total Recharges</b>		<b>(1,409)</b>	<b>(1,331)</b>	<b>(1,331)</b>	<b>(1,331)</b>	<b>0</b>	
<b>Total Service Charge Account</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

3. Employees costs have increased by £243,000 as shown in Table 2 below. All posts level A-C are subject to pay increases as well as the 1.25% Employers national insurance increase in 2022/23. Furthermore the estimates includes the full complement of Car Park Staff.

<b>Table 2 - Manpower statement</b>	<b>Original Budget 2021/22</b>		<b>Original Budget 2022/23</b>	
	<b>Manpower Full-time equivalent</b>	<b>Estimated cost £'000</b>	<b>Manpower Full-time equivalent</b>	<b>Estimated cost £'000</b>
Service Charge Account	57	(2,608)	60	(2,851)

4. Repairs and maintenance costs have increased by £240,000 compared to the original budget this is mainly due to increased expected costs for drainage repairs, remedial works, window replacements. A full breakdown is provided in Appendix 1.
5. The cost of supplementary revenue projects is expected to be £1,108,000 and relates mainly to the redecoration programme as set in paragraph 11 below.
6. Forecast energy costs have increased by £287,000 to reflect price rises and the actual and expected level of consumption.
7. Cleaning & domestic supplies have increased by £21,000 as the costs for hygiene services and pest control have increased.
8. As agreed with the Residents Consultation Committee the grounds maintenance has been increased by £50,000.

### **Draft Capital and Supplementary Revenue Budgets**

9. 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 01/04/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'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	Water System	553	273	-	-	-	826
Service Charge	Redecoration 2020-25	27	142	1,108	762	1,378	3,417
<b>TOTAL BARBICAN RESIDENTIAL (Service Charge)</b>		<b>600</b>	<b>418</b>	<b>1,108</b>	<b>762</b>	<b>1,378</b>	<b>4,266</b>

10. 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.
11. A significant proportion of the costs for these schemes will be recoverable from residents via service charges.
12. 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 2022.

## **Appendices**

Appendix 1 = Analysis of Repairs, Maintenance and Minor Improvements

Appendix 2 = Support Services and Capital Charges

Appendix 3 = Actual service charge 2020/21 billed to residents and the estimated service charge billed to residents for 2021/22.

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**Chamberlain**

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## 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 2021/22 £000	Latest Budget 2021/22 £000	Original Budget 2022/23 £000
Responsive and Contract Servicing including Building			
Miscellaneous Works	(1,305)	(1,405)	(1,305)
IRS maintenance	(40)	(40)	(40)
Responsive and Contract Servicing - Lifts	(401)	(386)	(401)
Drainage Repairs / Remedial Work	(112)	(172)	(172)
Water Penetration	(75)	(105)	(75)
Sub Total Responsive and Contract Servicing	(1,933)	(2,108)	(1,993)
Asbestos Removal	(70)	(180)	(70)
Water Supply Works	(100)	(100)	(100)
Electrical Testing	(44)	(24)	(44)
Upgrade Safety/Security Installations	(40)	(40)	(40)
Consultants Fees	(30)	(15)	(30)
Emergency lighting to stairs, corridors and plant rooms	(17)	(17)	(17)
Asset Management	0	(60)	0
Window Replacements	0	(200)	(180)
TOTAL	(2,234)	(2,744)	(2,474)

## Appendix 2

Support Service and Capital Charges from/to  Barbican Service Charges	Actual  2020/21 000	Original Budget 2021/22 000	Latest Approved Budget 2021/22 000	Original Budget 2022/23 000
<b>Support Service and Capital Charges</b>				
Insurance	(52)	(43)	(43)	(43)
IS Staff Recharge	(45)	(32)	(36)	(27)
<b>Total Support Services</b>	(97)	(75)	(79)	(70)
<b>Recharges within Committee</b>				
Cleaning and Lighting	119	126	126	126
Barbican Supervision and Management	(994)	(902)	(940)	(940)
<b>Recharges Within Funds</b>				
DCCS	(437)	(480)	(438)	(447)
Contributions to Funds and Provisions				
<b>TOTAL SUPPORT SERVICE AND CAPITAL CHARGES</b>	(1,409)	(1,331)	(1,331)	(1,331)

## Appendix 3

This appendix shows the actual service charge 2020/21 as billed to residents and the estimated service charge billed to residents for 2021/22. 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 2020/21</b>	<b>As Billed ESTIMATE 2021/22</b>	<b>REVISED ESTIMATE 2021/22</b>	<b>ESTIMATE 2022/23</b>
	£	£	£	£
<b>Customer Care</b>				
Costs of Management and Supervision	694,660	715,000	678,000	700,000
<b>Estate Management</b>				
Resident Staff	374,469	387,117	388,000	405,000
Furniture & Fittings	7,303	26,000	30,000	30,000
Window Cleaning	144,152	177,800	186,000	187,000
Cleaners/Porters	1,219,411	1,234,220	1,240,000	1,250,000
Car Park Attendants-	708,355	680,000	710,000	717,000
Lobby Porters	827,857	778,000	773,000	761,000
House Officer	142,597	145,000	145,000	149,000
Sub Total	3,424,144	3,428,137	3,472,000	3,499,000
<b>Property Management</b>				
Garchey Maintenance	306,285	273,000	269,000	287,000
General Repairs	1,533,202	1,500,730	1,466,000	1,580,000
Technical Services -	200,364	234,213	230,000	236,000
Lift Maintenance	361,670	367,870	407,000	422,000
Electricity (Common Parts and Lifts)	481,982	518,714	546,000	552,000
Heating	2,052,287	2,094,743	2,293,000	2,302,000
Sub Total	4,935,790	4,989,270	5,211,000	5,379,000
<b>Open Spaces</b>				
Garden Maintenance	172,002	175,000	180,000	180,000
<b>Total Annually Recurring Items</b>	<b>9,226,595</b>	<b>9,307,407</b>	<b>9,541,000</b>	<b>9,758,000</b>
<b>Non-Annually Recurring Items - Major Works</b>				
Asbestos Removal	83,971	0	180,000	70,000
Water Supply Works	139,427	0	100,000	100,000
Electrical Testing	8,200	0	24,000	44,000
Upgrade Safety/Security Installations	37,547	40,000	40,000	40,000
Consultants Fees	0	0	15,000	30,000
Emergency lighting to stairs, corridors and plant rooms	0	0	17,000	17,000
Asset Management	0	75,000	60,000	0
Roof Repairs	-7,308	0	0	0
Window Replacements	29,976	183,500	200,000	180,000
Drainage Repairs	0	108,822	108,822	0
<b>SRP Projects</b>				
Redecorations and Communal Repairs	3,655	0	0	0
Redecorations 2020-2025	10,951	0	142,000	1,108,000
Concrete Repairs	9,282	0	0	0
Door Entry System			3,000	
Water Tank Repairs/Replacement	108,982	45,125	273,000	0
<b>Total Non-Annually Recurring Items</b>	<b>424,683</b>	<b>452,447</b>	<b>1,162,822</b>	<b>1,589,000</b>
<b>TOTAL</b>	<b>9,651,278</b>	<b>9,759,854</b>	<b>10,703,822</b>	<b>11,347,000</b>