

Committee(s): Residents Consultation Barbican Residential	Dated: 30 November 2022 9 December 2022
Subject: Service Charge Expenditure and Income Account - Latest Approved Budget 2022/23 and Original Budget 2023/24	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4,12.
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: The Chamberlain Director of Community & Children's Services	For Decision by the BRC For information - RCC
Report author: Goshe Munir, Senior Accountant, Chamberlain's Department	

Summary

This report sets out the original budget for 2022/23 and 2023/24 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 2023/24 total expenditure including net recharges is £16,106,000 compared to the 2022/23 original approved budget of £11,347,000 an increase of £4,759,000, 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.

Summary Of Table 1	Original Budget 2022/23 £'000	Original Budget 2023/24 £'000	Movement £'000
Expenditure	(10,016)	(14,775)	(4,759)
Recharges	(1,331)	(1,331)	0
Other Income	11,347	16,106	4,759
Total Net Expenditure	0	0	0

Recommendations

The Committee is requested to:

- Review the provisional 2023/24 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 2023/24. 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 2023/24

The proposed Revenue Budget for 2023/24 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.

Table 1 - Analysis of Service Expenditure	Local, Central Risk or Recharges	Actual 2021-22 £'000	Original Budget 2022-23 £'000	Latest Approved Budget 2022-23 £'000	Original Budget 2023-24 £'000	Movement 2022-23 to 2023-24 £'000	Paragraph Reference
Expenditure							
Employees	L	(2,550)	(2,851)	(2,746)	(2,879)	(28)	3
Premises Related Expenses							
Repairs and Maintenance	L	(3,531)	(2,474)	(3,743)	(3,529)	(1,055)	4
Supplementary Revenue Projects	C	(120)	(1,108)	(610)	(1,064)	44	5
Energy Costs	L	(3,152)	(2,867)	(6,022)	(6,550)	(3,683)	6
Rents	L	(133)	(138)	(139)	(150)	(12)	
Rates	L	(18)	(20)	(12)	(13)	7	
Water Services	L	(1)	(3)	(3)	(3)	0	
Cleaning and Domestic Supplies	L	(225)	(267)	(259)	(276)	(9)	
Grounds Maintenance	L	(199)	(180)	(195)	(205)	(25)	
Supplies and Services							
Equipment, Furniture and Materials	L	(42)	(67)	(65)	(69)	(2)	
Catering	L	(1)	(1)	(1)	(1)	0	
Uniforms	L	(3)	(13)	(13)	(13)	0	
Printing, Stationery and Office Exp.	L	(2)	(6)	(3)	(6)	0	
Fees and Services	L	(18)	(1)	(1)	(1)	0	
Contributions to Provisions	L	0	0	0	0	0	
Communication and Computing	L	(13)	(20)	(16)	(16)	4	
Total Expenditure		(10,008)	(10,016)	(13,828)	(14,775)	(4,759)	
Income							
Total Income	L/C	11,308	11,347	15,159	16,106	4,759	
Net Income		1,300	1,331	1,331	1,331	0	
Recharges							
Expenditure	R	(1,453)	(1,457)	(1,457)	(1,457)	0	
Income	R	153	126	126	126	0	
Total Recharges		(1,300)	(1,331)	(1,331)	(1,331)	0	
Total Service Charge Account		0	0	0	0	0	

3. Employees costs have increased by £28,000 as shown in Table 2 below. All employee costs have been subject to pay increases. Employers national insurance increase in 2023/24. Furthermore the estimates includes the full complement of Car Park Staff.

Table 2 - Manpower statement	Original Budget 2022/23		Original Budget 2023/24	
	Manpower Full-time equivalent	Estimated cost £'000	Manpower Full-time equivalent	Estimated cost £'000
Service Charge Account	57	(2,851)	59	(2,879)

4. Repairs and maintenance costs have increased by £1,055,000 compared to the original budget this is mainly due to increased expected costs particularly for window replacements and water penetration works, a breakdown provided in appendix 1.
5. The cost of supplementary revenue projects is expected to be £1,064,000 and relates mainly to the redecoration programme as set in paragraph 7 below.
6. The Energy Costs has increased by £3,683,000 due to increasing energy prices. The energy prices from October 2022 are still to be finalised. However, it is anticipated that the rate to December will be in the region of 34p per unit, which is double the rate previously paid. It is expected that the rates will reduce to under 26p per unit once the power purchase agreement comes into effect.

Draft Capital and Supplementary Revenue Budgets

7. 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 01/04/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Later Years £'000	Total £'000
	<u>Pre-Implementation</u>						
Service Charge	Tower Lifts Refurbishments			18			18
	<u>Authority to start work</u>						
Service Charge	Redecorations Programme 2020-25	75	1,108	1,046	1,260		3,489
TOTAL BARBICAN RESIDENTIAL (Service Charge)		75	1,108	1,064	1,260		3,507

8. 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.
9. 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 2023.

Appendices

Appendix 1 = Analysis of Repairs, Maintenance and Minor Improvements

Appendix 2 = Support Services and Capital Charges

Appendix 3 = Original Budget 2022/23 to Latest Approved Budget

Contact: Goshe Munir Goshe.Munir@cityoflondon.gov.uk or

Mark Jarvis Mark.Jarvis@cityoflondon.gov.uk *Chamberlain's Department*

Caroline Al-Beyerty
Chamberlain

Clare Chamberlain
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 2022/23 £000	Latest Budget 2022/23 £000	Original Budget 2023/24 £000
Responsive and Contract Servicing including Building			
Miscellaneous Works	(1,305)	(1,300)	(1,300)
IRS maintenance	(40)	(40)	(40)
Responsive and Contract Servicing - Lifts	(401)	(401)	(401)
Drainage Repairs / Remedial Work	(172)	(175)	(190)
Water Penetration	(75)	(884)	(1,069)
Sub Total Responsive and Contract Servicing	(1,993)	(2,800)	(3,000)
Asbestos Removal	(70)	(100)	(100)
Water Supply Works	(100)	(100)	(100)
Electrical Testing	(44)	(44)	(44)
Upgrade Safety/Security Installations	(40)	(40)	(40)
Consultants Fees	(30)	(30)	(30)
Emergency lighting to stairs, corridors and plant rooms	(17)	(15)	(15)
Asset Management	0	(94)	0
Windows Replacements	(180)	(520)	(200)
TOTAL	(2,474)	(3,743)	(3,529)

Appendix 2

Support Service and Capital Charges from/to Barbican Service Charges	Actual 2021/22 000	Original Budget 2022/23 000	Latest Approved Budget 2022/23 000	Original Budget 2023/24 000
Support Service and Capital Charges				
Insurance	(58)	(43)	(43)	(59)
IS Staff Recharge	(38)	(27)	(27)	(28)
Total Support Services	(95)	(70)	(70)	(87)
Recharges within Committee				
Cleaning and Lighting	138	126	126	126
Barbican Supervision and Management	(935)	(940)	(940)	(953)
Recharges Within Funds				
DCCS	(408)	(447)	(447)	(417)
Contributions to Funds and Provisions				
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	(1,300)	(1,331)	(1,331)	(1,331)

Appendix 3

Reconciliation of 2022/23 Original Budget to Latest Approved Budget	£'000
Original Budget Net Expenditure	0
Repairs and Maintenance & Supplementary Revenue Projects	(771)
Revised estimates of employee costs.	105
Premises Related Expenses & Supplies and Services	(3,146)
Balancing increased income.	3,812
Latest Approved Budget Net Expenditure	0