

Committee(s): Residents Consultation Barbican Residential	Dated: 30 November 2022 9 December 2022
Subject: Revenue and Capital Budgets - Latest Approved Budget 2022/23 and Original 2023/24 Excluding dwellings service charge income and expenditure	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 Information - RCC For Decision by the BRC
Report author: Goshe Munir, Senior Accountant, Chamberlain's Department	

Summary

This report is the annual submission of the revenue and capital budgets overseen by your committee. It seeks approval to the provisional revenue budget for 2023/24, for subsequent submission to the Finance Committee.

The proposed budget for 2023/24 has been prepared within the resource envelope allocated to the Director by Resource Allocation Sub Committee, including a 4% allowance for inflation offset by a 2% efficiency saving.

These accounts do not include income and expenditure in relation to dwellings service charges, which is the subject to a separate report before you today, but does include the following: -

- Landlord Services

This includes income and expenditure relating to short term lessee flats, void flats and commercial properties as well as grounds maintenance for public areas.

- Car Parking

The running expenses, capital charges, rent income and service charges relating to 1272 car spaces of which some 579 are currently occupied.

- Baggage Stores

The running expenses, capital charges, rent income and service charges relating to 1619 baggage stores. 1394 baggage stores are currently occupied.

- Trade Centre

This is a commercial area of some 117,000 square feet bounded broadly by Beech Street, Aldersgate Street, Fann Street and Bridgewater Square. Capital charges are the main item of expense, although some premises and supervision and management costs are incurred. Income comprises rent and charges for services including Nuffield Health, GSMD Practice room, Laundrette, Parking Services and Creche.

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	Original Budget 2022/23	Original Budget 2023/24	Movement
	£'000	£'000	£'000
Expenditure	(3,792)	(4,356)	(564)
Income	5,079	5,386	307
Net Income (Local and Central Risk)	1,287	1,030	(257)
Capital Charges and Support services	(3,667)	(3,748)	(81)
Total Net Income/Expenditure	(2,380)	(2,718)	(338)

Overall, the 2023/24 provisional net revenue expenditure budget totals £2,718,000 an increase of £338,000 compared with the Original Budget for 2022/23 of 2,380,000.

Recommendations

The Committee is requested to:

- Review the provisional 2023/24 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 including corporate projects.

Main Report

Introduction

1. This report sets out the proposed revenue budget and capital budgets for 2023/24. 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 original approved budget for the current year.

The report also compares the current year's budget with the forecast outturn.

Proposed Revenue Budget for 2023/24

3. The proposed Revenue Budget for 2023/24 is shown in Table 1 overleaf analysed between:
 - Local Risk budgets – these are budgets deemed to be 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.
4. The provisional 2023/24 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. This includes a 2% efficiency saving offset by a 4% inflation allowance. The budget has been prepared within the resources allocated to the Chief Officer.

Analysis of Service Expenditure	Local or Central Risk	Actual 2021-22 £'000	Original Budget 2022-23 £'000	Latest Approved Budget 2022-23 £'000	Original Budget 2023-24 £'000	Movement OB 2022-23 to OB 2023-24 £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(2,065)	(2,073)	(2,145)	(2,177)	(104)	6
Premises Related Expenses							
Repairs and Maintenance	L	(1,003)	(1,246)	(1,276)	(1,359)	(113)	Point 7 Appendix 3
Other Premises Related Expenditure	L	(265)	(306)	(312)	(319)	(13)	
Supplies & Services	L	(302)	(189)	(197)	(201)	(12)	
Transport	L	(0)	(1)	(1)	(1)	0	
TOM efficiency savings of 12%.	L	0	232	0	0	(232)	
Supplementary Revenue Projects	C	(39)	(209)	(16)	(299)	(90)	12
Total Expenditure		(3,673)	(3,792)	(3,947)	(4,356)	(564)	
INCOME							
Customer, Client Receipts (mainly rents and non-dwelling service charges)	L	5,202	4,854	5,147	5,161	307	8
Charge for insurance	C	337	225	225	225	0	
Total Income		5,539	5,079	5,372	5,386	307	
NET INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		1,866	1,287	1,425	1,030	(257)	
CHARGES							
SUPPORT SERVICES AND CAPITAL CHARGES							
Central Support Services and Capital Charges		(4,566)	(4,381)	(4,381)	(4,328)	53	Point 9 - Appendix 2
Recharges within Fund & Committee		(256)	(100)	(100)	(247)	(147)	
Recharges to Service Charge Account		797	814	814	827	13	10
Total Support Services and Capital charges		(4,025)	(3,667)	(3,667)	(3,748)	(81)	
TOTAL NET EXPENDITURE		(2,159)	(2,380)	(2,242)	(2,718)	(338)	

Notes - Examples of types of service expenditure: -

- (i) Other Premises Related Expenses – includes energy costs, rates, water services, cleaning, and domestic supplies

5. Expenditure and adverse 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.

6. Employee costs have increased by £104k in cost as a result of the increase in the employers national insurance charge, the pay award for staff on Grades A-C and increases in increments for existing staff.

Table 2 - Manpower statement	Original Budget		Original Budget	
	2022/23		2023/24	
Non-Service Charge Staffing	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Total	33	(2,073)	33	(2,177)

7. Repairs and maintenance costs are expected to be £113k higher than original budget for in 2022-23 due to the level of breakdown maintenance expected to be required in 2023/24. As set in the detailed schedule of Repairs and Maintenance costs provided in Appendix 3.
8. The additional income of £307k relates to increased receipts expected in the Trade Centre and Landlord Services.
9. A detailed breakdown of the movement on Central Support Services and Capital Charges is presented in Appendix 2.
10. The Recharges within Fund & Committee costs are expected to be £147k higher than original budget, but in line with the previous year's Actual recharge figure. The allocation for Technical Services was understated in the 2021-22 Original Budget.

Potential Further Budget Developments

11. The provisional nature of the 2023/24 revenue budget recognises that further than revisions may be required.

Draft Supplementary Revenue Budgets

12. The latest estimated costs of the Committee's current approved 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>						
Landlord	Fire Door Replacement Programme	51	185	275	-	-	511
	<u>Authority to start work</u>						
Landlord	Frobisher Crescent Fire Safety Improvement Works	118			-	-	118
	<u>Disposal Costs</u>						
Landlord	Barbican Turret	48	24	24	-	-	96
TOTAL BARBICAN RESIDENTIAL (Landlord)		217	209	299	-	-	725

13. Pre-implementation costs comprise feasibility and options appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
14. The latest 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: Revenue Expenditure by Service Managed

Appendix 2: Support Service and Capital Charges from/to Barbican Residential Committee

Appendix 3: Analysis of Repairs, Maintenance and Minor Improvements

Appendix 4: Original Budget 2022/23 to Latest Approved Budget

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APPENDIX 1

Analysis by Service Managed	Actual 2021-22 £'000	Original Budget 2022-23 £'000	Latest Approved 2022-23 Budget £'000	Original Budget 2023-24 £'000	Movement 2022-2023 to 2023-24 £'000
CITY FUND					
Supervision & Management (fully recharged)	0	0	0	0	0
Landlord Services	(2,698)	(2,842)	(2,579)	(2,991)	(149)
Car Parking	(275)	(388)	(456)	(496)	(108)
Baggage Stores	192	107	167	153	46
Trade Centre	615	512	627	618	106
Other Non-Housing	8	(1)	(1)	(2)	(1)
TOM efficiency savings of 12%	0	232	0	0	(232)
TOTAL	(2,159)	(2,380)	(2,242)	(2,718)	(338)

*Note that the Baggage Stores within the car parks are included in the Car Park Account.

Supervision and Management – General

This section relates to the requirements of the Barbican Estate Office including staffing, premises, information technology and support from Guildhall. The Estate Office is responsible for the management of the flats, commercial units, car parks and baggage stores. Management includes repairs and maintenance, security, cleanliness of common parts, calculation of service charges and the initial stages of arrears recovery. Total expenditure on this section is fully recharged to other sections of these accounts plus a relevant proportion to the Service Charge account, which is the subject to a separate report before you today. The IT costs are recharged on number of transactions while the other costs are allocated broadly on time sheet information.

Landlord Services

Expenditure includes repairs to the interior of short-term lessees' flats and void flats. Grounds maintenance of public areas, insurance (other than that included in the Service Charge Account for lifts and the garchey system), capital charges relating to properties not sold on a long lease, and supervision and management. Income includes rent income from short term tenancies (apart from the service charge element), rent from ten commercial properties, licence fees for various aerial sites, and reimbursements for insurance, dilapidations and other services. Long lessees have the option to arrange alternative insurance to that provided through the City and, consequently, insurance is accounted for in the Landlord Account rather than as part of the Service Charge Account.

Car Parking

The running expenses, capital charges, rent income and service charges relating to 1,272 car spaces of which some 579 are occupied including 267 bays held on long licences. Long Licensees pay a service charge in respect of the services provided to all car parks. The income and expenses for the stores located within the car parks are also included in the car park account.

Baggage Stores

The running expenses, capital charges, rent income and service charges relating to 1,619 baggage stores located in the residential blocks.

Trade Centre

This is a commercial area of some 117,000 square feet bounded broadly by Beech Street, Aldersgate Street, Finn Street and Bridgewater Square. Capital charges are the main item of expense, although some premises and supervision and management costs are incurred. Income comprises rent and charges for services including Nuffield Health, GSMD Practice room, Laundrette, Parking Services and Creche.

APPENDIX 2

Support Service and Capital Charges from/to Barbican Residential Committee	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	(373)	(301)	(301)	(406)
IS Recharges	(194)	(143)	(143)	(146)
Capital Charges	(3,459)	(3,459)	(3,459)	(3,266)
Chamberlain	(76)	(70)	(70)	(71)
Support Services	(463)	(408)	(408)	(439)
Total Support Services and Capital Charges	(4,566)	(4,381)	(4,381)	(4,328)
Recharges Within Funds				
Corporate and Democratic Core - Finance Committee	50	50	50	50
HRA	2	4	4	4
Community and Children's Services Committee	(308)	(154)	(154)	(301)
Service Charge Account	797	814	814	827
TOTAL SUPPORT SERVICE AND CAPITAL Charges	(4,025)	(3,667)	(3,667)	(3,748)

* Various services including central training, corporate printing, occupational health, union costs and environmental and sustainability section.

APPENDIX 3

**ANALYSIS OF REPAIRS, MAINTENANCE AND MINOR IMPROVEMENTS
ALL LOCAL RISK**

	Original Budget 2022/23 £'000	Latest Approved Budget 2022/23 £'000	Original Budget 2023/24 £'000	
<u>Supervision & Management Holding Account</u>				
Estate Office - Breakdown Maintenance	(11)	(11)	(11)	E
Total Supervision & Management Holding Account	(11)	(11)	(11)	
<u>Services and Repairs - Landlords</u>				
Breakdown Maintenance	(690)	(665)	(745)	
Drains	(110)	(110)	(110)	E
Insurance Works	(35)	(35)	(35)	
Dilapidations	(15)	(15)	(15)	
Lift contract servicing	(7)	(7)	(7)	
Asbestos data	(6)	(6)	(6)	
Redecorations Works	(35)	(35)	(35)	A
Total Services and Repairs - Landlords	(898)	(873)	(953)	
<u>Car Parking</u>				
Breakdown Maintenance - Building	(294)	(296)	(296)	E
Tiling and Screeding	(2)	(55)	(55)	
Total Car Parking	(296)	(351)	(351)	
<u>Stores</u>				
Breakdown Maintenance	(9)	(9)	(12)	E
Total Stores	(9)	(9)	(12)	
<u>Trade Centre</u>				
Breakdown Maintenance	(32)	(32)	(32)	E
Total Trade Centre	(32)	(32)	(32)	
<u>Other Non-Housing</u>				
Breakdown Maintenance	0	0	0	E
Total Other Non-Housing	0	0	0	
TOTAL	(1,246)	(1,276)	(1,359)	

E = ESSENTIAL

A = ADVISABLE

D = DESIRABLE

Appendix 4

Original Budget 2022/23 to Latest Approved Budget	£'000
Original Budget Net Income	(2,380)
Supplementary Revenue Projects Adjustment	193
Carry Forwards agreed	(55)
Latest Approved Budget	(2,242)