

Committee(s): Residents Consultation Barbican Residential	Dated: 17 January 2024 22 January 2024
Subject: Revenue and Capital Budgets - Latest Approved Budget 2023/24 and Original 2024/25 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 Executive Director of Community & Children's Services	For Decision
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 2024/25, for subsequent submission to the Finance Committee.

The proposed budget for 2024/25 has been prepared within the resource envelope allocated to the Director by Resource Allocation Sub Committee, including a 3% allowance for inflation.

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.

- Baggage Stores

The running expenses, capital charges, rent income and service charges relating to 1620 baggage stores.

- 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 2023/24	Original Budget 2024/25	Movement
	£'000	£'000	£'000
Expenditure	(4,356)	(4,759)	(403)
Income	5,386	5,228	(158)
Net Income (Local and Central Risk)	1,030	469	(561)
Capital Charges and Support services	(3,748)	(3,833)	(85)
Total Net Income/Expenditure	(2,718)	(3,364)	(646)

Overall, the 2024/25 provisional net revenue expenditure budget totals £3,364,000 an increase of £646,000 compared with the Original Budget for 2023/24 of 2,718,000.

Recommendations

The Committee is requested to:

- Review the provisional 2024/25 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 2024/25. 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 2024/25

3. The proposed Revenue Budget for 2024/25 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 2024/25 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 3% uplift for inflation and the full year impact of pay increases to staff arising from the pay deal effective from July 2023 & the winter pay award effective from April 2023. It does not include any potential new pay deal from July 2024.

Analysis of Service Expenditure	Local or Central Risk	Actual 2022-23 £'000	Original Budget 2023-24 £'000	Latest Approved Budget 2023-24 £'000	Original Budget 2024-25 £'000	Movement OB 2023-24 to OB 2024-25 £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(2,097)	(2,177)	(2,545)	(2,532)	(355)	6
Premises Related Expenses							
Repairs and Maintenance	L	(958)	(1,359)	(1,359)	(1,399)	(40)	Point 7 - Appendix 3
Other Premises Related Expenditure	L	(340)	(319)	(319)	(326)	(7)	
Supplies & Services	L	(94)	(201)	(201)	(226)	(25)	
Transport	L	0	(1)	(1)	(1)	0	
Employees	C	0	0	(41)	0	0	
Supplementary Revenue Projects	C	(6)	(299)	(299)	(275)	24	
Total Expenditure		(3,495)	(4,356)	(4,765)	(4,759)	(403)	
INCOME							
Customer, Client Receipts (mainly rents and non-dwelling service charges)	L	5,010	5,161	5,161	5,003	(158)	8
Charge for insurance	C	371	225	225	225	0	
Total Income		5,382	5,386	5,386	5,228	(158)	
NET INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		1,887	1,030	621	469	(561)	
CHARGES							
SUPPORT SERVICES AND CAPITAL CHARGES							
Central Support Services and Capital charges		(4,454)	(4,328)	(4,316)	(4,458)	(130)	Point 9 - Appendix 2
Recharges within Fund & Committee		(134)	(247)	(247)	(154)	93	10
Recharges to Service Charge Account		818	827	827	779	(48)	
Total Support Services and Capital charges		(3,771)	(3,748)	(3,736)	(3,833)	(85)	
TOTAL NET EXPENDITURE		(1,884)	(2,718)	(3,115)	(3,364)	(646)	

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 £355k includes a 3% uplift for inflation and the full year impact of pay increases to staff arising from the pay deal effective from July 2023 & the winter pay award effective from April 2023.

Table 2 - Manpower statement	Original Budget		Original Budget	
	2023/24		2024/25	
Non-Service Charge Staffing	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Total	33	(2,177)	33	(2,532)

7. Repairs and maintenance costs are expected to be £40k higher than original budget for in 2023/24 due to the level of breakdown maintenance expected to be required in 2024/25. As set in the detailed schedule of Repairs and Maintenance costs provided in Appendix 3.
8. The reduction in income of £158k is due to loss of income and expected loss of income following from the surrender of tenanted flats.
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 £93k lower than original budget. The reduction is in the Technical Services was due to a recalculation of the charge in the 2023/24 Original Budget.

Potential Further Budget Developments

11. The provisional nature of the 2024/25 revenue budget recognises that further than revisions may be required.

Draft Supplementary Revenue Budgets

12. The latest estimated costs for the Committee's draft capital and supplementary revenue projects are summarised in the tables below.

Service	Project	Exp. Pre 01/04/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
	<u>Pre-Implementation</u>					
Landlord	Fire Door Replacement Programme	51	185	275	275	786
	<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 Services)		217	209	299	275	1000

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 2024.

Service	Project	Exp. Pre 01/04/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Landlord	Renew Door Entry System	19	3			22
Landlord	Beach Gardens Soft Landscaping	260	363			623
Landlord	Frobisher Crescent Fire Safety	728	448			1176
Landlord	Beech Grd Barb Podium Waterproof	4188	160	86	74	4508
TOTAL BARBICAN RESIDENTIAL (Landlord Services)		5195	974	86	74	6329

Note the table does not include expenditure yet to be approved by Committee. Latest projections for the overall cost of the fire safety doors project is £13.4m.

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

Caroline Al- Beyerty
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APPENDIX 1

Analysis by Service Managed	Actual 2022-23 £'000	<i>Original</i> Budget 2023-24 £'000	Latest Approved 2023-24 Budget £'000	Original Budget 2024-25 £'000	Movement 2023-2024 to 2024-25 £'000
CITY FUND					
Supervision & Management (fully recharged)	(0)	0	0	0	0
Landlord Services	(2,293)	(2,991)	(3,064)	(3,506)	(515)
Car Parking	(428)	(496)	(820)	(668)	(172)
Baggage Stores	155	153	153	176	23
Trade Centre	683	618	618	636	18
Other Non-Housing	(1)	(2)	(2)	(2)	0
				0	0
TOTAL	(1,884)	(2,718)	(3,115)	(3,364)	(646)

*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. 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 1,620 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 2022/23 £'000	Original Budget 2023/24 £'000	Latest Approved Budget 2023/24 £'000	Original Budget 2024/25 £'000
Support Service and Capital Charges				
Insurance	(404)	(406)	(406)	(464)
IS Recharges	(184)	(146)	(146)	(130)
Capital Charges	(3,252)	(3,266)	(3,254)	(3,272)
Chamberlain	(408)	(342)	(341)	(396)
Comptroller and City Solicitor	(23)	(18)	(18)	(22)
Town Clerk	(171)	(139)	(139)	(163)
City Surveyor	(0)	0	(0)	(0)
Other Services	(11)	(11)	(11)	(11)
Total Support Services and Capital Charges	(4,454)	(4,328)	(4,316)	(4,458)
Recharges Within Funds				
Corporate and Democratic Core - Finance Committee	50	50	50	50
HRA	7	4	4	7
Community and Children's Services Committee	(191)	(301)	(301)	(211)
Service Charge Account	818	827	827	779
TOTAL SUPPORT SERVICE AND CAPITAL Charges	(3,771)	(3,748)	(3,736)	(3,833)

* 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)	(12)	E
Total Supervision & Management Holding Account	(11)	(11)	(12)	
<u>Services and Repairs - Landlords</u>				
Breakdown Maintenance	(745)	(745)	(767)	
Drains	(110)	(110)	(114)	E
Insurance Works	(35)	(35)	(35)	
Dilapidations	(15)	(15)	(15)	
Lift contract servicing	(7)	(7)	(9)	
Asbestos data	(6)	(6)	(6)	
Redecorations Works	(35)	(35)	(35)	A
Total Services and Repairs - Landlords	(953)	(953)	(981)	
<u>Car Parking</u>				
Breakdown Maintenance - Building	(296)	(296)	(307)	E
Tiling and Screeding	(55)	(55)	(55)	
Total Car Parking	(351)	(351)	(362)	
<u>Stores</u>				
Breakdown Maintenance	(12)	(12)	(12)	E
Total Stores	(12)	(12)	(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	(1,359)	(1,359)	(1,399)	

E = ESSENTIAL

A = ADVISABLE

D = DESIRABLE