

<b>Committee(s):</b> Residents Consultation  Barbican Residential	<b>Dated:</b> 17 January 2024  22 January 2024
<b>Subject:</b> Service Charge Expenditure and Income Account - Latest Approved Budget 2023/24 and Original Budget 2024/25	<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 Executive Director of Community & Children's Services	<b>For Decision</b>
<b>Report author:</b> Goshe Munir, Senior Accountant, Chamberlain's Department	

### Summary

This report sets out the original budget for 2023/24 and 2024/25 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 2024/25 total expenditure including net recharges is £17,647,000 compared to the 2023/24 original approved budget of £16,106,000 an increase of £1,541,000, mainly related to expected repair costs and employees cost.

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 2023/24 £'000</b>	<b>Latest Approved Budget 2023/24 £'000</b>	<b>Original Budget 2024/25 £'000</b>	<b>Movement £'000</b>
Expenditure	(14,775)	(15,795)	(16,316)	(1,541)
Recharges	(1,331)	(1,331)	(1,331)	0
Other Income	16,106	17,126	17,647	1,541
<b>Total Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **Recommendations**

The Committee is requested to:

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

The proposed Revenue Budget for 2024/25 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 2022-23 £'000	Original Budget 2023-24 £'000	Latest Approved Budget 2023-24 £'000	Original Budget 2024-25 £'000	Movement 2023-24 to 2024-25 £'000	Paragraph Reference
Expenditure							
Employees	L	(2,684)	(2,879)	(3,049)	(3,233)	(354)	3
Premises Related Expenses							
Repairs and Maintenance	L	(3,717)	(3,529)	(4,318)	(4,817)	(1,288)	4
Supplementary Revenue Projects	C	(1,137)	(1,064)	(1,064)	(933)	131	5
Energy Costs	L	(5,950)	(6,550)	(6,550)	(6,550)	0	
Rents	L	(139)	(150)	(120)	(120)	30	
Rates	L	(11)	(13)	(11)	(18)	(5)	
Water Services	L	(0)	(3)	(3)	(3)	0	
Cleaning and Domestic Supplies	L	(231)	(276)	(288)	(302)	(26)	
Grounds Maintenance	L	(221)	(205)	(230)	(212)	(7)	
Supplies and Services							
Equipment, Furniture and Materials	L	(23)	(69)	(125)	(71)	(2)	
Catering	L	0	(1)	(1)	(1)	0	
Uniforms	L	(3)	(13)	(13)	(16)	(3)	
Printing, Stationery and Office Exp.	L	(1)	(6)	(6)	(6)	0	
Fees and Services	L	(66)	(1)	(1)	(1)	0	
Contributions to Provisions	L	0	0	0	0	0	
Communication and Computing	L	(13)	(16)	(16)	(33)	(17)	
<b>Total Expenditure</b>		<b>(14,196)</b>	<b>(14,775)</b>	<b>(15,795)</b>	<b>(16,316)</b>	<b>(1,541)</b>	
<b>Income</b>							
Total Income	L/C	15,559	16,106	17,126	17,647	1,541	
<b>Net Income</b>		1,363	1,331	1,331	1,331	0	
<b>Recharges</b>							
Expenditure	R	(1,555)	(1,457)	(1,457)	(1,457)	0	
Income	R	192	126	126	126	0	
<b>Total Recharges</b>		<b>(1,363)</b>	<b>(1,331)</b>	<b>(1,331)</b>	<b>(1,331)</b>	0	
<b>Total Service Charge Account</b>		0	0	0	0	0	

3. Employees costs have increased by £354,000 as shown in Table 2 below. 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 2024/24		Original Budget 2023/24	
	Manpower Full-time equivalent	Estimated cost £'000	Manpower Full-time equivalent	Estimated cost £'000
Service Charge Account	59	(2,879)	59	(3,233)

4. Repairs and maintenance costs have increased by £1,288,000 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 £933,000 and relates mainly to the redecoration programme as set in paragraph 7 below.

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

6. The latest estimated costs of the Committee's current approved 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	Later Years £'000	Total £'000
	<b><u>Pre-Implementation</u></b>						
Service Charge	Tower Lifts Refurbishments			18			18
	<b><u>Authority to start work</u></b>						
Service Charge	Redecorations Programme 2020-25	75	1,108	1,046	933		3,162
<b>TOTAL BARBICAN RESIDENTIAL (Service Charge)</b>		<b>75</b>	<b>1,108</b>	<b>1,064</b>	<b>933</b>		<b>3,180</b>

7. 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.

Service	Project	Exp. Pre 01/04/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Service Charge	Barbican Estate - Tower Lifts	3	17	8	19	47
<b>TOTAL BARBICAN RESIDENTIAL (Service Charge)</b>		<b>3</b>	<b>17</b>	<b>8</b>	<b>19</b>	<b>47</b>

8. 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 2024.
9. Note the table does not include expenditure yet to be approved by Committee. Latest projections for the overall cost of the tower lifts refurbishment project is £4.6m.

#### Appendices

Appendix 1 = Analysis of Repairs, Maintenance and Minor Improvements

Appendix 2 = Support Services and Capital Charges

Appendix 3 = Estate Cost

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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 2023/24 £000	Latest Budget 2023/24 £000	Original Budget 2024/25 £000
Responsive and Contract Servicing including Building	(1,300)	(1,599)	(1,995)
Miscellaneous Works	(40)	(40)	(40)
IRS maintenance	(401)	(401)	(481)
Responsive and Contract Servicing - Lifts	(190)	(190)	(205)
Drainage Repairs / Remedial Work	(1,069)	(1,300)	(1,400)
Water Penetration			
<b>Sub Total Responsive and Contract Servicing</b>	<b>(3,000)</b>	<b>(3,530)</b>	<b>(4,121)</b>
Asbestos Removal	(100)	(150)	(110)
Water Supply Works	(100)	(110)	(110)
Electrical Testing	(44)	(47)	(44)
Upgrade Safety/Security Installations	(40)	(40)	(44)
Consultants Fees	(30)	(30)	(273)
Emergency lighting to stairs, corridors and plant rooms	(15)	(21)	(15)
Windows Replacements	(200)	(390)	(100)
<b>TOTAL</b>	<b>(3,529)</b>	<b>(4,318)</b>	<b>(4,817)</b>

## Appendix 2

Support Service and Capital Charges from/to	Actual	Original	Latest	Original
Barbican Service Charges	2022/23	Budget	Approved	Budget
	000	2023/24	2023/24	2024/25
		000	000	000
<b>Support Service and Capital Charges</b>				
Insurance	(64)	(59)	(59)	(65)
IS Staff Recharge	(32)	(28)	(28)	(28)
<b>Total Support Services</b>	<b>(96)</b>	<b>(87)</b>	<b>(87)</b>	<b>(93)</b>
<b>Recharges within Committee</b>				
Cleaning and Lighting	172	126	126	126
Barbican Supervision and Management	(989)	(953)	(953)	(905)
<b>Recharges Within Funds</b>				
DCCS	(450)	(417)	(417)	(459)
Contributions to Funds and Provisions				
<b>TOTAL SUPPORT SERVICE AND CAPITAL CHARGES</b>	<b>(1,363)</b>	<b>(1,331)</b>	<b>(1,331)</b>	<b>(1,331)</b>

## Appendix 3

<b>Barbican Estate Actual Service Charge Costs 2024/25</b>	<b>Actual 2022/23</b>	<b>As billed Estimate 2023/24</b>	<b>Revised Estimate 2023/24</b>	<b>Estimate 2024/25</b>
	£	£		
<b>Customer Care</b>				
Costs of Management and Supervision	556,561	738,132	582,000	786,000
<b>Estate Management</b>				
Resident Staff	364,804	415,637	370,000	390,000
Furniture & Fittings	6,511	26,001	26,000	28,000
Window Cleaning	183,013	209,581	210,000	248,000
Cleaning	1,176,939	1,250,817	1,389,000	1,475,000
Car Park Attendants	734,069	708,866	749,000	819,000
Lobby Porters	846,163	843,864	879,000	941,000
House Officer	166,420	187,757	187,000	188,000
Sub Total	3,477,919	3,642,523	3,810,000	4,089,000
<b>Property Management</b>				
Garchey Maintenance -	318,397	344,360	353,000	324,000
General Repairs	2,790,957	2,541,040	3,110,000	3,295,000
Technical Services	190,219	227,616	228,000	230,000
Lift Maintenance	375,821	374,581	405,000	485,000
Electricity (Common Parts and Lifts)	914,455	1,138,591	1,100,000	1,100,000
Heating	3,974,794	5,680,005	5,430,000	5,430,000
Sub Total	8,564,643	10,306,193	10,626,000	10,864,000
<b>Open Spaces</b>				
Garden Maintenance	220,785	230,150	230,000	212,000
<b>Total Annually Recurring Items</b>	12,819,908	14,916,998	15,248,000	15,951,000
<b>Non-Annually Recurring Items - Major Works</b>				
Asset Management/Stock Condtiton Survey	69,543	0	0	0
Building Safety Data	0	0	0	240,000
Water Supply Works	72,904	100,000	110,000	110,000
Asbestos Works	48,581	100,000	150,000	110,000
Safey /Security works	36,820	40,000	40,000	44,000
Redecorations 2020-2025 Programme	1,095,467	1,037,456	1,046,000	933,000
Electrical Testing	45,334	46,685	47,000	44,000
Roof /Drainage repairs	60,669	0	0	0
Replacement Window & Door Frames	237,777	389,885	390,000	100,000
Emergency Lighting	8,871	21,100	21,000	15,000
Lobby refurbishment - Shakespeare Tower	5,461	100,000	0	100,000
Lift refurbishment - Tower blocks	8,870	0	18,000	0
Carpet renewal - Frobisher Crescent	0	56,000	56,000	0
<b>Total Non-Annually Recurring Items</b>	1,690,297	1,891,126	1,878,000	1,696,000
<b>TOTAL</b>	14,510,205	16,808,124	17,126,000	17,647,000

Note - The actual charged for 2022/23 was less than shown on Table 1. This was due to the adjustments made by the Estate Office. These were mainly in respect of energy costs.