

Barbican Estate – Service Charge Accounts

1st April 2023 - 31st March 2024



Authors:

Daniel Sanders – Assistant Director



Nichola Lloyd – Service Charge & Revenues Manager



Dear Leaseholder,

We are writing to provide you with the latest Service Charge Accounts for the Barbican Estate. Within this information pack you will receive the Barbican Estate Accounts and the granular breakdown for your individual block.

These accounts detail the costs incurred over the past budget year and how they relate to the services provided within your building and across the Barbican Estate. We have provided detail against any major variance trends across the Estate.

Service charges are a significant part of long leaseholders' financial commitment, and I am dedicated to ensuring that they are managed transparently, providing demonstrable value for money.

We have made a conscious effort to ensure our service charge accounts are easy to navigate and transparent in their breakdown of budgeted costs and incurred expenditure. If you have any questions or require clarifications on any part of your service charge accounts, please do not hesitate to reach out to the Barbican Estate Office.

Best regards,

**Daniel Sanders
Assistant Director**

**Nichola Lloyd
Service Charge & Revenues Manager**

Willoughby House – 23-24 Accounts

Heading	Billed Estimate	Actual Expenditure	Difference
Supervision & Management	£ 42,164	£ 40,237	£ 1,927
Residential Staff	£ 27,968	£ 25,282	£ 2,686
Cleaners	£ 104,865	£ 111,977	-£ 7,112
Car Park Attendants	£ 65,032	£ 74,583	-£ 9,551
House Officer	£ 12,634	£ 11,016	£ 1,618
General Repairs	£ 113,820	£ 109,955	£ 3,865
Window Cleaning	£ 10,515	£ 11,984	-£ 1,469
Garchey Maintenance	£ 23,957	£ 24,488	-£ 531
Technical Services	£ 15,476	£ 15,052	£ 424
Lift Maintenance	£ 20,470	£ 33,306	-£ 12,836
Electricity	£ 111,159	£ 61,084	£ 50,075
Communal Heating	£ 383,205	£ 261,098	£ 122,107
Garden Maintenance	£ 14,873	£ 13,193	£ 1,680
Totals	£ 946,138	£ 793,255	£ 152,883

Project Expenditure - 23/24

Heading	Billed Estimate	Actual Expenditure	Difference
Minor Works	£ 0	£ 1,381	- £ 1,381
Replacement Door/Window	£ 0	£ 9,200	- £ 9,200
Electrical Testing	£ 1,920	£ 0	£ 1,920
Internal Redecoration	£ 70,042	£ 62,824	£ 7,218
Totals	£ 71,962	£ 73,405	- £ 1,443

This means the total surplus for Willoughby House for the year-end 31st March 2024 is **£151,440**. Leaseholders will receive their proportion of this credit shortly and it will be returned via the same methodology service charge contributions are billed (via the apartment types which drive a corresponding percentage).

Key Variance Explanations

Cleaners

- **Variance: -£7,112 (Approx. 6.8% over budget)**
- **Explanation: Through the year we had instances of sickness and absence which drove a requirement to use agency staff to ensure the standard of cleaning was maintained.**

2. Car Park Attendants

- **Variance: -£9,551 (Approx. 14.7% over budget)**
- **Explanation: Through the year we had instances of sickness and absence which drove a requirement to use agency staff to ensure the standard of cleaning was maintained.**

3. Lift Maintenance

- **Variance: -£12,836 (Approx. 62.7% over budget)**
- **Explanation: This significant overrun is due to unbudgeted repairs of critical components to ensure safe operation of the lifts across Willoughby House.**

4. Electricity

- **Variance: £50,075 (Approx. 45% under budget)**
- **Explanation: The City of London procures energy through a Power Purchase Agreement with a solar and during this budget year it was able to sell excess energy back to the grid at a significantly higher rate than original purchase cost. This surplus has been redistributed across the City of London portfolio the same way energy costs are charged resulting in a significant underspend for the Barbican who are the single largest consumer of electricity for the city.**

5. Communal Heating

- **Variance: £122,107 (Approx. 31.9% under budget)**
- **Explanation: Explanation: The City of London procures energy through a Power Purchase Agreement with a solar farm and during this budget year it was able to sell excess energy back to the grid at a significantly higher rate than original purchase cost. This surplus has been redistributed across the City of London portfolio the same way energy costs are charged resulting in a significant underspend for the Barbican who are the single largest consumer of electricity for the City.**

Service Charge FAQ Sheet

As part of our commitment to transparency and clarity, we have put together this FAQ sheet to address frequent questions leaseholders may have about service charges. If you have any further queries after reviewing the information below, please do not hesitate to contact the Barbican Estate Office.

1. What are service charges, and why do I pay them?

Service charges are contributions made by leaseholders towards the costs of managing, maintaining, and servicing the communal areas and facilities of the estate. This includes services like cleaning, security, repairs, maintenance, and utilities, all of which ensure the estate remains safe, clean, and well-maintained.

2. How are my service charges calculated?

Service charges are calculated based on the estimated costs for each service provided to the estate, divided proportionally among leaseholders according to the terms of the lease. For the Barbican that is done by flat type and each flat type drives a proportionate percentage based on size (put simply the larger flats pay proportionately more than the smaller flats) Actual expenditures are then compared to these estimates at year-end to determine if there were any variances.

3. Why is there a difference between the estimated and actual service charges?

Estimates are prepared at the start of the year based on anticipated costs, past expenditure, and contract pricing. Variances occur when actual costs differ from estimates due to unforeseen repairs, utility usage, or rate changes. Significant variances are explained in the accounts to provide transparency on these differences.

4. What happens if there is a surplus or deficit?

If there is a surplus (where actual costs are less than estimated), this amount is credited to your account. If there is a deficit (where costs exceed estimates), the shortfall is recovered from leaseholders in the following billing period to cover the additional expenses.

5. What does the supervision and management fee cover?

This fee includes the costs of managing the estate, such as administrative staff, property management, resident support, and placing/overseeing contracts with external service providers. It also covers day-to-day operations and ensures the estate remains compliant with health and safety regulations.

6. Why am I being charged for repairs to communal areas I do not use?

Service charges cover the maintenance of all communal areas, as these contribute to the overall condition and safety of the estate. While you may not use every facility,

leaseholders collectively contribute to these areas to maintain the estate's value and appearance.

7. How do you ensure value for money for leaseholders?

The estate office closely monitors service providers and contractors to ensure competitive pricing and high standards. Contracts are reviewed regularly, and larger projects go through a tender process to secure the most cost-effective options. Performance reviews and resident feedback also contribute to quality control.

8. What are major works, and how are they funded?

Major works refer to substantial repairs or upgrades, such as structural repairs, roofing, or major installations. These costs are often planned and communicated to residents, with a portion of service charges allocated toward funding such projects. Major works usually require additional contributions from leaseholders at the Barbican as we are not able to collect a reserve fund due to the lease agreements.

9. Who do I contact if I have questions about my service charge account?

If you have specific questions about your service charge account, please contact the Barbican Estate Office. Our team will be happy to help clarify any queries you may have.

10. What is the Repairs Charging Policy?

The Repairs Charging Policy defines which types of repairs are charged to leaseholders and which fall under the freeholder's responsibility. For example, routine repairs in communal areas may be shared, while certain structural repairs may be covered by the freeholder. This policy helps ensure fair distribution of costs and is periodically reviewed.

11. How do I know the accounts are accurate?

Service charge accounts are prepared in line with statutory requirements and this year will be reviewed by independent auditors to ensure accuracy and compliance with best practices. We are committed to maintaining transparency in our accounting process, and detailed breakdowns are provided within your account summary.