

Committee(s): Barbican Residential Committee	Dated: 17 February 2025
Subject: Revenue and Capital Budgets - Latest Approved Budget 2024/25 and Original 2025/26 Excluding dwellings service charge income and expenditure	Public
This proposal: • provides statutory duties	The report includes information on the City Corporation's statutory Barbican function
Does this proposal require extra revenue and/or capital spending?	NO
If so, how much?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
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 2025/26, for subsequent submission to the Finance Committee.

The proposed budget for 2025/26 has been prepared within the resource envelope allocated to the Director by Resource Allocation Sub Committee, including a 2% 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 of which some 677 are currently occupied.

- Baggage Stores

The running expenses, capital charges, rent income and service charges relating to 1620 baggage stores, 1,419 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 2024/25	Original Budget 2025/26	Movement
	£'000	£'000	£'000
Expenditure	(4,759)	(4,614)	145
Income	5,228	5,150	(78)
Net Income (Local and Central Risk)	469	536	67
Capital Charges and Support services	(3,833)	(3,791)	42
Total Net Income/Expenditure	(3,364)	(3,255)	109

Overall, the 2025/26 provisional net revenue expenditure budget totals £3,255,000 a decrease of £109,000 compared with the Original Budget for 2024/25 of 3,364,000.

Recommendations

The Committee is requested to:

- Review the provisional 2025/26 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 2025/26. 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 2025/26

3. The proposed Revenue Budget for 2025/26 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 2025/26 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% uplift for inflation and the full year impact of pay increases to staff arising from the pay deal effective from July 2024. This does not include any potential new pay deals from July 2025.

Analysis of Service Expenditure	Local or Central Risk	Actual 2023-24 £'000	Original Budget 2024-25 £'000	Latest Approved Budget 2024-25 £'000	Original Budget 2025-26 £'000	Movement OB 2024-25 to OB 2025-26 £'000	Paragraph Reference
EXPENDITURE							
Employees	L	(2,411)	(2,532)	(2,532)	(2,429)	103	6
Premises Related Expenses							Point 7 - Appendix 3
Repairs and Maintenance	L	(1,055)	(1,399)	(1,674)	(1,426)	(27)	
Other Premises Related Expenditure	L	(344)	(326)	(326)	(365)	(39)	
Supplies & Services	L	(261)	(226)	(226)	(253)	(27)	
Transport	L	0	(1)	(1)	(1)	0	
Employees	C	(60)	0	0	0		
Supplementary Revenue Projects	C	(43)	(275)	(514)	(140)	135	8
Total Expenditure		(4,175)	(4,759)	(5,273)	(4,614)	145	
INCOME							
Customer, Client Receipts (mainly rents and non-dwelling service charges)	L	5,387	5,003	5,003	4,925	(78)	9
Charge for insurance	C	443	225	225	225	0	
Total Income		5,830	5,228	5,228	5,150	(78)	
NET INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		1,655	469	(45)	536	67	
CHARGES							
SUPPORT SERVICES AND CAPITAL CHARGES							
Central Support Services and Capital Charges		(4,268)	(4,458)	(4,458)	(4,222)	236	Point 10 - Appendix 2
Recharges within Fund.		(85)	(154)	(154)	(154)	0	
Recharges within Committee.		906	779	779	585	(194)	11
Total Support Services and Capital Charges		(3,447)	(3,833)	(3,833)	(3,791)	42	
TOTAL NET EXPENDITURE		(1,792)	(3,364)	(3,878)	(3,255)	109	

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 reduced by £103k because the original budget for 2024-25 included a significant one off additional allocation for recruitment cost.

Table 2 - Manpower statement	Original Budget		Original Budget	
	2024/25		2025/26	
Non-Service Charge Staffing	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Total	33	(2,532)	33	(2,429)

7. Detailed schedule of Repairs and Maintenance costs is provided in Appendix 3.
8. Supplementary Revenue Projects variance is a result from expenditure expected on the projects breakdown listed below under the Draft Supplementary Revenue Budgets table.
9. The reduction in income of £78k is due to loss of income following from the surrender of tenanted flats.
10. Central Support Services and Capital Charges reduction of £236k is mainly a result of lower Capital Charges. A detailed breakdown of the movement on Central Support Services and Capital Charges is presented in Appendix 2.
11. The Recharges within Committee costs are expected to be £194k lower than original budget mainly due to revised cost of service charge.

Potential Further Budget Developments

12. The provisional nature of the 2025/26 revenue budget recognises that further revisions may be required.

Draft Supplementary Revenue Budgets

13. The latest estimated costs for the Committee's draft capital and supplementary revenue projects are summarised in the tables below. Will be presented to the Court of Common Council for formal approval in March 2025.
14. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.

Service	Project	Project Status	Exp. Pre 01/04/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Later Years £'000	Total £'000
Landlord	Renew Door Entry System	Capital	20	3				23
Landlord	Beach Gardens Soft Landscaping	Capital	260	363				623
Landlord	Water Sys. Test. Barbican Est	SRP	12					12
Landlord	Fire Door Replacement.	Capital	100	35	140			275
Landlord	Frobisher Crescent Fire Safety	Capital	1,123	53				1,176
Landlord	Beech Grd Barb Podium Waterproof	Capital	4,287	60				4,347
TOTAL BARBICAN RESIDENTIAL (Landlord)			5,802	514	140	0		6,456

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

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APPENDIX 1

Analysis by Service Managed	Actual 2023-24	Original Budget	Latest Approved	Original Budget	Movement 2024-2025 to
	£'000	2024-25 £'000	2024-25 Budget £'000	2025-26 £'000	2025-26 £'000
CITY FUND					
Supervision & Management (fully recharged)	0	0	0	0	0
Landlord Services	(2,430)	(3,506)	(4,020)	(3,539)	(33)
Car Parking	(555)	(668)	(668)	(634)	34
Baggage Stores	97	176	176	186	10
Trade Centre	1,105	636	636	734	98
Other non-housing	(10)	(2)	(2)	(2)	0
TOTAL	(1,792)	(3,364)	(3,878)	(3,255)	109

*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 2023/24 £'000	Original Budget 2024/25 £'000	Latest Approved Budget 2024/25 £'000	Original Budget 2025/26 £'000
Support Service and Capital Charges				
Insurance	(445)	(464)	(464)	(483)
IS Recharges	(146)	(130)	(130)	(135)
Capital Charges	(3,177)	(3,272)	(3,272)	(2,872)
Chamberlain	(312)	(396)	(396)	(463)
Comptroller and City Solicitor	(20)	(22)	(22)	(30)
Town Clerk	(156)	(163)	(163)	(227)
City Surveyor	(0)	(0)	(0)	(1)
Other Services	(11)	(11)	(11)	(11)
Total Support Services and Capital Charges	(4,268)	(4,458)	(4,458)	(4,222)
Recharges Within Funds				
Corporate and Democratic Core - Finance Committee	50	50	50	50
HRA	21	7	7	7
Community and Children's Services Committee	(156)	(211)	(211)	(211)
Service Charge Account	906	779	779	585
TOTAL SUPPORT SERVICE AND CAPITAL Charges	(3,447)	(3,833)	(3,833)	(3,791)

* 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 2024/25 £'000	Latest Approved Budget 2024/25 £'000	Original Budget 2025/26 £'000	
<u>Supervision & Management Holding Account</u>				
Estate Office - Breakdown Maintenance	(12)	(12)	(12)	E
Total Supervision & Management Holding Account	(12)	(12)	(12)	
<u>Services and Repairs - Landlords</u>				
Breakdown Maintenance	(767)	(767)	(794)	E
Drains	(114)	(189)	(114)	
Insurance Works	(35)	(35)	(35)	
Dilapidations	(15)	(15)	(15)	
Lift contract servicing	(9)	(9)	(9)	
Asbestos data	(6)	(6)	(6)	
Ventilation	0	(200)	0	A
Redecorations Works	(35)	(35)	(35)	
Total Services and Repairs - Landlords	(981)	(1,256)	(1,008)	
<u>Car Parking</u>				
Breakdown Maintenance - Building	(307)	(307)	(307)	E
Tiling and Screeding	(55)	(55)	(55)	
Total Car Parking	(362)	(362)	(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	(1,399)	(1,674)	(1,426)	

E = ESSENTIAL

A = ADVISABLE

D = DESIRABLE