

Committee(s):	Date(s):	Item no.
Residents' Consultation	25 November 2013	
Barbican Residential	9 December 2013	
Subject: Revenue and Capital Budgets - Latest Approved Budget 2013/14 and Original 2014/15 Excluding dwellings service charge income and expenditure.	Public	
Report of: The Chamberlain Director of Community & Children's Services	For Decision	
<p style="text-align: center;"><u>Summary</u></p> <p>This report is the annual submission of the revenue and capital budgets overseen by your Committee. In particular it seeks approval to the provisional revenue budget for 2014/15, for subsequent submission to the Finance Committee. Details of the Committee's draft capital budget are also provided. The budgets have been prepared within the resources allocated to the Director.</p> <p>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:-</p> <ul style="list-style-type: none"> • Landlord Services <p>This includes income and expenditure relating to short term lessee flats, void flats and commercial properties as well as grounds maintenance for public areas.</p> <ul style="list-style-type: none"> • Car Parking <p>The running expenses, capital charges, rent income and service charges relating to 1,508 car spaces of which some 1,075 (71.3%) are currently occupied .</p> <ul style="list-style-type: none"> • Baggage Stores <p>The running expenses, capital charges, rent income and service charges relating to 1,261 baggage stores.</p> <ul style="list-style-type: none"> • Trade Centre <p>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,</p>		

although some premises and supervision and management costs are incurred. Income comprises rent and charges for services in respect of Virgin Active, GSMD practice room, Laundrette, Vinci Parking and Creche.

- Other Non Housing

This section includes the holding costs of 2 Fann St (the former YMCA) building and provision for legacy costs of electricity in relation to a tube railway tunnel.

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	Latest Approved Budget 2013/14 £'000	Original Budget 2014/15 £'000	Movement £'000
Expenditure	2,562	2,396	(166)
Income	(5,159)	(5,004)	155
Support Services and Capital Charges	2,780	2,690	(90)
Total Net Expenditure	183	82	(101)

Overall, the 2014/15 provisional revenue budget totals a deficit of £82,000, a decrease of £101,000 compared with the Latest Approved Budget for 2013/14. Main reason for this decrease is a reduction of £65,000 in capital charges due to actual and anticipated dwelling sales.

Recommendations

The Committee is requested to:

- review the provisional 2014/15 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, corporate projects, changes to the Additional Works Programme.

Main Report

Introduction

1. This report sets out the proposed revenue budget and capital budgets for 2014/15. 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 latest approved budget for the current year.

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

Proposed Revenue Budget for 2014/15

3. The proposed Revenue Budget for 2014/15 is shown in Table 2 overleaf analysed between:
 - 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.
4. The provisional 2014/15 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. These include continuing the implementation of the required budget reductions across both local and central risks, as well as the proper control of transfers of non-staffing budget to staffing budgets. The budgets include a 1% efficiency savings and an allowance towards any potential pay and price increases of 2%. The budget has been prepared within the resources allocated to the Chief Officer.

Analysis of Service Expenditure	Local or Central Risk	Actual 2012-13 £'000	Latest Approved Budget 2013-14 £'000	Original Budget 2014-15 £'000	Movement 2013-14 to 2014-15 £'000	Paragraph Reference
EXPENDITURE						
Employees	L	1,201	1,235	1,275	40	10
Premises Related Expenses						
Repairs and Maintenance	L	502	573	601	28	11
Other Premises Related Expenses (i)	L	463	413	414	1	
Transport	L	0	1	1	0	
Supplies & Services	L/C	290	340	105	(235)	7
Total Expenditure		2,456	2,562	2,396	(166)	
INCOME						
Customer, Client Receipts (mainly rents and non-dwelling service charges.)	L/C	(5,179)	(5,159)	(5,004)	155	8
Total Income		(5,179)	(5,159)	(5,004)	155	
NET INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		(2,723)	(2,597)	(2,608)	(11)	
SUPPORT SERVICES AND CAPITAL CHARGES						
Central Support Services and Capital Charges		3,160	3,077	2,986	(91)	9
Recharges within Fund		10	38	37	(1)	
Recharges to Service Charge Account		(329)	(335)	(333)	2	
Total Support Services and Capital Charges		2,841	2,780	2,690	(90)	9
TOTAL NET INCOME		118	183	82	(101)	

Notes - Examples of types of service expenditure:-

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

- Income and favourable 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. Overall there is a decrease in the deficit of £101,000 in the overall budget between the 2013/14 latest approved budget and the 2014/15 original budget. The main movements are explained by the variances in the following paragraphs.
7. A budget of £172,000 included in the 2013/14 latest approved budget for security at 2 Fann St. (the former Barbican YMCA building) is no longer required in 2014/15.
8. A transfer from capital of £172,000 to compensate for the expenditure incurred for the security at 2 Fann St. (see para. 7 above) is no longer required in 2014/15.
9. Dwelling sales are anticipated to result in the reduction of £65,000 in capital charges. A detailed breakdown of Central Support Services and Capital Charges is presented in Appendix 2.
10. Analysis of the movement in manpower and related staff costs are shown in Table 2 below

Table 2 - Manpower statement	Latest Approved Budget 2013/14		Original Budget 2014/15	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Supervision and Management	6	365	6	385
Car Parking Estate Concierge (2/3)	20	870	20	890
TOTAL Barbican Residential	26	1,235	26	1,275

11. A detailed breakdown of Repairs and Maintenance costs are provided in Appendix 3

Potential Further Budget Developments

12. The provisional nature of the 2014/15 revenue budget recognises that further revisions may be required, including in relation to:
 - budget reductions to capture savings arising from the on-going PP2P reviews;
 - budget adjustments relating to the implementation of the City of London Procurement Service; and
 - decisions on funding of the Additional Work Programme by the Resource Allocation Committee.

Draft Capital Budget

13. The Committee's draft capital project latest estimated costs are summarised in the Tables below.

	Exp. Pre 01/04/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
Barbican podium waterproofing	493	969	2387					3,849
Property purchase (note 14.)		815						815
Baggage stores		81						81
Total	493	1,865	2,387	0	0	0	0	4,745

14. The £815,000 property purchase was in respect to a property switch in which the leaseholder bought a higher priced property on the estate. The capital receipt for the purchase is held in the capital receipt account and not shown here.

15. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2014

Appendices

Appendix 1: Revenue Expenditure by Service Managed

Appendix 2: Support Service and Capital Charges from/to Community & Children's Services Committee

Appendix 3: Analysis of Repairs, Maintenance and Minor Improvements

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APPENDIX 1

Analysis by Service Managed	Actual 2012-13 £'000	Latest Approved Budget 2013-14 £'000	Original Budget 2014-15 £'000	Movement 2013-14 to 2014-15 £'000
CITY FUND				
Supervision & Management (fully recharged)	0	0	0	0
Landlord Services	150	468	394	(74)
Car Parking	195	268	250	(18)
Baggage Stores	(147)	(179)	(192)	(13)
Trade Centre	(384)	(487)	(483)	4
Other Non-Housing	304	113	113	0
TOTAL	118	183	82	(101)

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, of which there are currently 98. 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.

The movement of £74,000 between the Latest Approved Budget 2013/14 and the original 2014/15 is mainly due to a reduction in capital charges as a result of sales.

Car Parking

The running expenses, capital charges, rent income and service charges relating to 1,508 car spaces of which some 1,075 (71.3%) are currently occupied .

Baggage Stores

The running expenses, capital charges, rent income and service charges relating to 1,261 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 in respect of Virgin Active, GSMD practice room, Laundrette, Vinci Parking and Creche.

Other Non Housing

This section includes the holding costs of 2 Fann St (the former Barbican YMCA) building and provision for the cost of electricity in relation to the 'City widened Line' railway tunnel. In the case of the latter, the City required alterations to the route of a tube tunnel and is required to pay the resultant additional electricity costs.

APPENDIX 2

Support Service and Capital Charges from/to Barbican Residential Committee	Actual 2012/13 £000	Latest Approved Budget 2013/14 £000	Original Budget 2014/15 £000
Support Service and Capital Charges			
Insurance	325	325	316
IS Recharges - Chamberlain	138	118	110
Capital Charges	2,210	2,159	2,100
Support Services			
Chamberlain	185	161	157
Comptroller and City Solicitor	139	148	142
Town Clerk	119	121	117
City Surveyor	20	20	21
Other Services*	24	25	23
Total Support Services and Capital Charges	3,160	3,077	2,986
Recharges Within Funds			
Corporate and Democratic Core – Finance Committee	(50)	(50)	(50)
HRA	5	35	34
Community and Children's Services Committee	55	53	53
Recharges within Committee Service Charge Account	(329)	(335)	(333)
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	2,841	2,780	2,690

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

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

	Latest Approved Budget 2013/14 £'000	Original Budget 2014/15 £'000		Budget to Budget % Increase (Decrease)
	A	B		B/A
<u>Supervision & Management Holding Account</u>				
Estate Office - Breakdown Maintenance	9	9	E	
Total Supervision & Management Holding Account	9	9		0
<u>Services and Repairs - Landlords</u>				
Interior of flats let on short term tenancies and voids:				
Breakdown Maintenance	134	134	E	
Drains	88	88		
Rechargeable works - Emergency work in sold flats, dilapidations and insurance claims	50	50	A	
External redecoration (70% of soffits)	24	34	A	
Total Services and Repairs - Landlords	296	306		3
<u>Car Parking</u>				
Breakdown Maintenance - Building	180	209	E	
Consultants	0	20	E	
Total Car Parking	180	229		27

	Latest Approved Budget 2013/14 £'000	Original Budget 2014/15 £'000	Budget to Budget % Increase (Decrease)
<u>Stores</u>	A	B	B/A
Breakdown Maintenance	6	6	E
Total Stores	6	6	0
<u>Trade Centre</u>			
Breakdown Maintenance	80	49	E
Total Trade Centre	80	49	(39)
<u>Other Non-Housing</u>			
Breakdown Maintenance	2	2	E
Total Other Non-Housing	2	2	0
TOTAL	573	601	5

E = ESSENTIAL
A = ADVISABLE
D = DESIRABLE

