

<b>Committee(s):</b>	<b>Date(s):</b>	<b>Item no.</b>
Residents' Consultation	25 November 2013	
Barbican Residential	9 December 2013	
<b>Subject:</b> Service Charge Expenditure and Income Account - Latest Approved Budget 2013/14 and Original Budget 2014/15	<b>Public</b>	
<b>Report of:</b> The Chamberlain Director of Community & Children's Services	<b>For Decision</b>	

### Summary

This report sets out the latest approved budget for 2013/14 and original 2014/15 for revenue expenditure proposed to be included within the service charge in respect to 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.

There are no proposed capital works for these periods.

Summary Of Table 1	Latest Approved Budget 2013/14 £'000	Original Budget 2014/15 £'000	Movement £'000
Expenditure	8,079	8,504	425
Service Charge Income	(7,925)	(8,350)	(425)
Other Income	(154)	(154)	0
Total Net Expenditure	0	0	0

The original budget for 2014/15 total expenditure is £8,504,000 compared to the 2013/14 latest approved budget of £8,079,000. This increase of £425,000 is mainly due to an increase in repairs and maintenance of £296,000 and energy cost increases of £50,000.

This is only the budget for the years in question and the actual amount charged to lessees will depend on the actual spent and the percentage set out in the individual leases.

### **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;
- 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 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.
3. The report also compares the current year's budget with the forecast outturn.

### **Proposed Revenue Budget for 2014/15**

4. The proposed Revenue Budget for 2014/15 is shown in table 1 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** – 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.

Analysis of Service Expenditure	Local, Central Risk or Recharges	Actual 2012-13 £'000	Latest Approved Budget 2013-14 £'000	Original Budget 2014-15 £'000	Movement 2013-14 to 2014-15 £'000	Paragraph Reference
<b>EXPENDITURE</b>						
Employees	L	2,124	2,147	2,190	43	7
Premises Related Expenses						
Repairs and Maintenance	L	1,609	2,233	2,529	296	5
Energy Costs	L	2,162	2,231	2,281	50	6
Residential Cost of Engineers	L	122	122	124	2	
Window cleaning and Cleaning Supplies	L	233	223	233	10	
Grounds Maintenance	L	104	120	120	0	
Supplies and Services						
Equipment, Furniture and Materials	L	41	44	53	9	
Uniforms	L	10	12	12	0	
Printing, Stationery and Office Exp.	L	4	7	7	0	
Communication and Computing	L	22	10	10	0	
Support Services						
Premises Insurance	R	25	26	25	(1)	
Supervision and Management	R	479	513	510	(3)	
Property Services	R	380	391	410	19	
<b>Total Expenditure</b>		<b>7,315</b>	<b>8,079</b>	<b>8,504</b>	<b>425</b>	
<b>INCOME</b>						
Fees and charges	L	(11)	(16)	(16)	0	
Cleaning of non- dwelling service chargeable areas of the estate	R	(87)	(109)	(109)	0	
Lighting of non- dwelling service chargeable areas of the estate	R	(24)	(29)	(29)	0	
Service Charge Income	L/C	(7,154)	(7,885)	(8,311)	(426)	
Service Charge in respect to voids	R	(39)	(40)	(39)	1	
<b>Total Income</b>		<b>(7,315)</b>	<b>(8,079)</b>	<b>(8,504)</b>	<b>(425)</b>	
<b>Balance</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

5. The original budget for 2014/15 total expenditure is £8,504,000 compared to the 2013/14 latest budget of £8,079,000. This increase of £425,000 is mainly due to an increase in repairs and maintenance of £296,000, the main factors making up this increase are:

- external and internal redecorations (£260,000)
- Asbestos Encapsulation (£200,000)
- Fan Duct Work Cleaning (£70,000)
- partly offset by a decrease in the concrete repairs contingency (£240,000).

Appendix 1 includes a full analysis of repairs, maintenance and minor improvements.

6. Energy costs have also increased by £50,000 due to expected higher tariffs.

7. 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
Garchey Operatives	3	108	3	112
Cleaners	32	893	32	912
Estate Concierge (1/3)	10	435	10	445
Lobby Porters	12	568	12	576
House Officers	3	136	3	138
Relocation Expenses		3		3
Training Expenses		4		4
<b>TOTAL Employee expenses</b>	<b>60</b>	<b>2,147</b>	<b>60</b>	<b>2,190</b>

8. Appendix 2 includes a more detailed breakdown of the other elements charged in the service charge account listed in Table 1.

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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)	Latest Budget 2013/14 £000	Original Budget 2014/15 £000
Responsive and Contract Servicing including Building, Electrical and Heating and Ventilating	923	923
Responsive and Contract Servicing - Lifts	323	323
Garchey Responsive Works	98	98
<b>Sub Total Reponsive and Contract Servicing</b>	<b>1,344</b>	<b>1,344</b>
External and Internal Redecorations	248	508
Upgrade Safety/Security Installations	40	40
Water Supply Works	81	100
Concrete Repairs Contingency	340	100
Consultants Fees	28	28
Electrical Testing	10	10
Asbestos Encapsulation	50	250
Emergency Lighting to Stairs, Corridors and Plant Rooms	42	35
Heating Condition Survey	9	9
Asset Management	15	15
Fan Duct Work Cleaning	20	90
Residual Current Device Socket Outlet	6	-
<b>TOTAL</b>	<b>2,233</b>	<b>2,529</b>

The actual 2012/13 expenditure was £1,609,000 compared to the Latest Approved Budget of £2,233,000, an increase of £624,000. This increase is due to:-

	£000
Concrete Repairs Contingency	273
Reponsive and Contract Servicing	128
External and Internal Redecorations	71
Water Supply Works	50
Other Minor Variations	102
	<u>624</u>



<b>Appendix 2 - Detailed breakdown of the other elements charged in the service charges set out in Table 2</b>	<b>Latest Approved Budget 2013/14 £000</b>	<b>Original Budget 2014/15 £000</b>
<b>Energy Costs</b>		
Electricity for common parts and lifts	429	429
Electricity and gas for heating	1,802	1,852
	2,231	2,281
<b>Residential Cost of Engineers</b>		
Rent	106	108
Council Tax	13	13
Water Rates	3	3
	122	124
<b>Window Cleaning and Cleaning Supplies</b>		
This is for the non public areas of the estate		
Window Cleaning	182	192
Cleaning Material	29	29
Pest Control	12	12
	223	233
<b>Grounds Maintenance</b>		
This is for work to the non public areas of the estate. This is mainly a charge from the City Open Spaces Department		
	120	120
<b>Equipment, Furniture and materials</b>		
This could includes items such as - carpets, cleaning and electrical equipment.		
	44	53
<b>Uniforms</b>		
This is in respect to service charge employees		
	12	12
<b>Printing , Stationery and Office Expenses</b>		
This includes items such as - Barbican news and other general printing and stationery.		
	7	7
<b>Communications and Computing</b>		
Telephones	9	9
Computing	1	1
	10	10
<b>Premises Insurance</b>		
Engineering Insurance - lifts	23	23
Premises Insurance	3	2
	26	25

Appendix 2 - Continued	Latest Approved Budget 2013/14 £000	Original Budget 2014/15 £000
<p><b>Supervision and Management</b></p> <p>This is a recharge is based on an estimate of time which is spent on Barbican service charge. The actual charge will be based on actual time spent.</p> <p>Barbican Management Team</p> <p>Chamberlains</p> <p>Comptroller and City Solicitor</p> <p>Information Technology</p>	<p>359</p> <p>46</p> <p>42</p> <p>66</p> <p>513</p>	<p>356</p> <p>45</p> <p>42</p> <p>67</p> <p>510</p>
<p><b>Property Services</b></p> <p>This is a recharge from technical service team based on an estimate of time which is spent on Barbican service charge works. The actual charge will be based on actual time spent.</p>	<p>391</p>	<p>410</p>
<p><b>Fees and charges</b></p>		
<p>Income from sales enquires</p>	<p>(16)</p>	<p>(16)</p>
<p><b>Recharge to other areas of the Barbican</b> account for cleaning</p>	<p>(109)</p>	<p>(109)</p>
<p><b>Recharge to other areas of the Barbican</b> account for lighting</p>	<p>(29)</p>	<p>(29)</p>
<p><b>Service Charge Income</b></p> <p>This is the proposed net expenditure which will be recovered by way of service charge from Lessees, part of tenants rents deemed to be service charge and landlord contribution to cover void properties</p>	<p>(7,925)</p>	<p>(8,350)</p>