

Committee(s):	Date(s):
Residents' Consultation Committee	1 September 2014
Barbican Residential Committee	15 September 2014
Subject: 2013/14 Revenue Outturn for the Residential Service Charge Account including reconciliation between the closed accounts and amount to be charged to long leaseholders.	
Report of: The Chamberlain Director of Community & Children's Services	Public For Information

Summary

This report provides a summary of expenditure chargeable to the Barbican Estate's long leaseholders. It compares the revenue outturn (i.e. actual net costs) for the Barbican Estate's Residential service charges with the latest agreed budgets for the year ended 31st March 2014. A summary is provided in the table below :

Table 1 - Summary Comparison of 2013/14 Residential Service Charge Account Revenue Outturn with Final Agreed Budget			
	Latest Agreed Budget	Revenue Outturn	Variations
	£000	£000	£000
Expenditure	7,153	6,757	(396)
Income	(7,695)	(7,454)	241
Net Income	(542)	(697)	(155)
Net Recharges	542	697	155
Overall Totals	0	0	0

A summary of the service charge reconciliation of the 2013/14 actuals as per the closed accounts above and the amount to be charged to the long leaseholders is set out in the table below.

Table 2 – Service Charge Reconciliation 2013/14	£'000
Actual Service Charge Expenditure Per Accounts	7,714
Less portion of tenants rent attributed to service charges and voids and other adjustments	(541)
Final Amount due from Long Leaseholders	7,173
Long leaseholders charges on account during 2013/14	6,990
Balance due in Sept 2014	183
Final Charge to Long Leaseholders	7,173

Recommendations

It is recommended that the revenue outturn report for 2013/14 and the service charge reconciliation are noted.

Main Report

Revenue Outturn for 2013/14

1. This report compares the revenue outturn for the dwellings service charge account overseen by your Committee in 2013/14, with the final agreed budget for the year.
2. A summary of the expenditure with the final agreed budget for the year of is shown below in Table 3. In the various tables, figures in brackets indicate income. When reporting variances, figures in brackets indicate increases in income or decreases in expenditure. Note a more detailed analysis of all service charge expenditure is attached at Appendix 1.

Actual 2012-13 £'000	TABLE 3 - Service Charge Account	Latest Approved Budget £'000	Actual 2013-14 £'000	Variances £'000	Para
	Local Risk Expenditure				
2,119	Direct Employee Expenses	2,144	2,087	(57)	4
5	Indirect Employee Expenses	7	8	1	
2,124	Total Employees	2,151	2,095	(56)	
1,609	Repairs and Maintenance	2,226	2,028	(198)	4
2,162	Energy Costs	2,231	2,138	(93)	4
102	Rents	111	110	(1)	
13	Rates	15	13	(2)	
7	Water Services	3	(1)	(4)	
233	Cleaning and Domestic Supplies	223	226	3	
104	Grounds Maintenance Costs	120	101	(19)	
4,230	Total Premises Costs	4,929	4,615	(314)	
40	Equipment, Furniture & Materials	33	17	(16)	
1	Catering	1	0	(1)	
10	Clothes, Uniform & Laundry	12	8	(4)	
4	Printing & Stationery	5	4	(1)	
1	Fees and Services	2	1	(1)	
22	Communications & Computing	20	17	(3)	
77	Total Supplies and Services	73	47	(26)	
6,431	Total Expenditure	7,153	6,757	(396)	
(7,155)	Income	(7,695)	(7,454)	241	4
(724)	Net Income	(542)	(697)	(155)	
	Recharges				
892	Expenditure	939	957	18	
(168)	Income	(397)	(260)	137	3
724	Total Recharges	542	697	155	
(0)	Total Service Charge Account	0	0	0	

3. During 2013/14 a budget adjustment was made to reflect changes in the expected service charges due on rented flats at the Barbican. The value of this adjustment was overstated and has resulted in the variance shown in this report. Note there is a favourable variance on recharges compared to the prior year.
4. There was an underspend of £198,000 on repairs and maintenance costs. This is a demand-led service and lower costs are a reflection of reduced need for repairs, particularly on the Garchey system, compared to the expected level. Similarly, the reduction in energy costs was due to mild

weather during the winter months reflected in a 6% decrease in consumption of underfloor heating. The underspend on staffing was due to reduced expenditure on Lobby Porters. These savings resulted in a corresponding reduction in service charge income.

Service Charge Reconciliation 2013/14

5. The table below sets out the service charge reconciliation of the 2013/14 actuals as per the closed accounts and the amount charged to the lessees.

Table 4 – Service Charge Reconciliation 2013/14	£'000
Actual Service Charge Expenditure Per Accounts (direct £6,757k + gross recharge £957k per Table 3)	7,714
Less Fees, charges and cleaning and lighting recharges	(169)
Add Barbican Estate Office adjustments	22
Final Service Charge Expenditure	7,567
Less portion of tenants rent attributed to service charges and voids	(394)
Final Amount due from Long Leaseholders	7,173
Long leaseholders charges on account during 2013/14	6,990
Balance due in Sept 2014	183
Final Charge to Long Leaseholders	7,173

6. Time constraints imposed on the City Corporation to close the annual accounts does not allow adequate time for a full detailed examination of all the expenditure figures. Therefore during the following months up to September, a close examination of the figures is carried out as part of drawing up the schedule of items to be recharged to long leaseholders. This usually results in some adjustments which are noted as Barbican Estate Office adjustments in Table 4, full details are set out in Appendix 1.

7. Part of the rents paid by tenants is deemed to be in respect of service charges and this is taken into account in agreeing the final figure that is then chargeable to long leaseholders.
8. Long leaseholders are billed quarterly during the year on an estimated sum with the balance being payable or repaid in the following September.

- **Appendices**

Appendix 1: Relationship of the Barbican Residential Committee Outturn Report to Service Charge Schedules

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