

Committee(s):	Date(s):
Residents' Consultation Barbican Residential	24 November 2014 8 December 2014
Subject: Service Charge Expenditure and Income Account - Latest Approved Budget 2014/15 and Original Budget 2015/16	Public
Report of: The Chamberlain Director of Community & Children's Services	For Decision

Summary

This report sets out the latest approved budget for 2014/15 and original 2015/16 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.

Summary Of Table 1	Latest Approved Budget 2014/15 £'000	Original Budget 2015/16 £'000	Movement £'000
Expenditure	8,466	8,577	111
Service Charge Income	(8,312)	(8,423)	(111)
Other Income	(154)	(154)	0
Total Net Expenditure	0	0	0

The original budget for 2015/16 total expenditure is £8,577,000 compared to the 2014/15 latest approved budget of £8,466,000. This increase of £111,000 is mainly due to an increase in employee costs of £82,000 and energy cost increases of £55,000.

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 2015/16 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 2015/16. 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 2015/16

4. The proposed Revenue Budget for 2015/16 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.

TABLE 1						
Barbican Residential – City Fund						
Analysis of Service Expenditure	Local, Central Risk or Recharges	Actual 2013-14 £'000	Latest Approved Budget 2014-15 £'000	Original Budget 2015-16 £'000	Movement 2014-15 to 2015-16 £'000	Paragraph Reference
EXPENDITURE						
Employees	L	2,095	1,940	2,022	82	7
Premises Related Expenses						
Repairs and Maintenance	L	2,027	2,550	2,550	0	Appendix 1 6
Energy Costs	L	2,138	2,272	2,327	55	
Residential Cost of Engineers	L	122	135	139	4	
Window cleaning and Cleaning Supplies	L	226	233	233	0	
Grounds Maintenance	L	101	120	123	3	
Supplies and Services	L				0	
Equipment, Furniture and Materials		17	71	67	(4)	
	L					
Uniforms	L	8	12	12	0	
Printing, Stationery and Office Exp.	L	5	7	7	0	
Communication and Computing	L	17	14	14	0	
Support Services						
Premises Insurance	R	25	25	26	1	
Supervision and Management	R	493	659	629	(30)	
Property Services	R	441	428	428	0	
Total Expenditure		7,716	8,466	8,577	111	
INCOME						
Fees and charges	L	(14)	(16)	(16)	0	
Cleaning of non- dwelling service chargeable areas of the estate	R	(128)	(109)	(109)	0	
Lighting of non- dwelling service chargeable areas of the estate	R	(28)	(29)	(29)	0	
Service Charge Income	L/C	(7,441)	(8,263)	(8,374)	(111)	
Service Charge in respect to voids	R	(105)	(49)	(49)	0	
Total Income		(7,716)	(8,466)	(8,577)	(111)	
Balance		0	0	0	0	

5. The original budget for 2015/16 total expenditure is £8,466,000 compared to the 2014/15 latest budget of £8,577,000. This increase of

£111,000 is mainly due to an increase in employee costs of £82,000 and energy cost increases of £55,000.

6. Energy costs have also increased by £55,000 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 2014/15		Original Budget 2015/16	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Garchey Operatives	3	113	3	109
Cleaners	29	821	32	870
Estate Concierge (1/3)	7	571	9	577
Lobby Porters	12	408	12	439
House Officers	3	27	3	27
Total Barbican Residential	54	1,940	59	2,022

8. Appendix 2 includes a more detailed breakdown of support service costs.

Draft Capital and Supplementary Revenue Budgets

9. The latest estimated costs of the Committee's draft capital and supplementary revenue projects are summarised in the Table below.

Service	Project	Exp. Pre 01/04/14 £'000	2014/15 £'000	Later Years £'000	Total £'000
<u>Pre-implementation</u>					
Service Charge	Concrete Testing	0	320	0	320
Service Charge	Water System Testing and Safety Works	0	2	0	2
Service Charge	Communal Repairs and Redecorations	0	14	0	14
TOTAL BARBICAN RESIDENTIAL		0	336	0	336

10. Pre-implementation costs comprise option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work. A proportion of these costs will be recoverable from residents via service charges.
11. Full implementation of these schemes will be subject to further consultation and approvals.
12. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2015.

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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 2014/15 £000	Original Budget 2015/16 £000
Responsive and Contract Servicing including Building Electrical and Heating and Ventilation	950	993
IRS maintenance	30	30
Responsive and Contract Servicing - Lifts	270	270
Garchey Responsive Works	98	98
Sub Total Responsive and Contract Servicing	1,348	1,391
External and Internal Decorations	593	450
Upgrade Safety/Security Installations	25	25
Water Supply Works	125	270
Concrete Repairs Contingency	100	50
Consultants Fees	35	35
Electrical Testing	10	10
Asbestos Encapsulations	250	250
Emergency Lighting to Stairs, Corridors and Plant Rooms	35	49
Heating Condition Survey	9	0
Asset Management	10	10
Fan Duct Work Cleaning	10	10
TOTAL	2,550	2,550

Appendix 2

Support Service and Capital Charges from/to Barbican Service Charges	Actual 2013/14 £000	Latest Approved Budget 2014/15 £000	Original Budget 2015/16 £000
Support Service and Capital Charges Insurance	25	25	26
Total Support Services	25	25	26
Recharges within Committee			
Cleaning and Lighting	(156)	(138)	(138)
Barbican Supervision and Management	388	610	580
Recharges Within Funds			
DCCS	441	428	428
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	698	925	896