

Committee(s):	Date(s)
Residents' Consultation	24 November 2014
Barbican Residential	8 December 2014
Subject: Revenue and Capital Budgets - Latest Approved Budget 2014/15 and Original 2015/16 <i>Excluding dwellings service charge income and expenditure.</i>	Public
Report of: The Chamberlain Director of Community & Children's Services	For Decision

Summary

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 2015/16, 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.

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 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.

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 2014/15 £'000	Original Budget 2015/16 £'000	Movement £'000
Expenditure	2,711	2,616	(95)
Income	(5,072)	(5,056)	16
Support Services and Capital Charges	2,408	2,412	4
Total Net Expenditure	47	(28)	(75)

Overall, the 2015/16 provisional revenue budget totals a surplus of £28,000, a decrease of £75,000 compared with the Latest Approved Budget for 2014/15. The main reasons for this decrease are changes in budgets for soft landscaping works at Beech Gardens and increases in the number of permanent car parking-estate concierges.

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;
- 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 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.

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

Proposed Revenue Budget for 2015/16

3. The proposed Revenue Budget for 2015/16 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 2015/16 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 an allowance towards any

potential pay and price increases of 2%. The budget has been prepared within the resources allocated to the Chief Officer.

TABLE 1						
Barbican Residential Committee Summary – City Fund						
Analysis of Service Expenditure	Local or Central Risk	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	1,269	1,448	1,538	90	9
Premises Related Expenses						
Repairs and Maintenance	L	737	738	628	(110)	11
Other Premises Related Expenses (i)	L	391	420	338	(82)	7
Transport	L	0	1	1	0	
Supplies & Services	L	312	104	111	7	
Total Expenditure		2,709	2,711	2,616	(95)	
INCOME						
Customer, Client Receipts (mainly rents and non-dwelling service charges,)	L/C	(5,377)	(5,072)	(5,056)	16	
Total Income		(5,377)	(5,072)	(5,056)	16	
NET INCOME BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		(2,668)	(2,361)	(2,440)	(79)	
SUPPORT SERVICES AND CAPITAL CHARGES						
Central Support Services and Capital Charges		3,137	3,014	3,005	(9)	
Recharges within Fund		(78)	(134)	(151)	(17)	
Recharges to Service Charge Account		(232)	(472)	(442)	30	
Total Support Services and Capital Charges		2,827	2,408	2,412	4	10
TOTAL NET EXPENDITURE		159	47	(28)	(75)	

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.
- Overall there is a decrease of the deficit of £75,000 in the overall budget between the 2014/15 latest approved budget and the 2015/16 original budget. The main movements are explained by the variances in the following paragraphs.

7. There was an increase in the repairs budget for podium works at Beech Gardens during 2014/15 which is not repeated in 2015/16.
8. There has been an increase in employee budgets of £90,000 which is due to the recruitment of additional car parking-estate concierge staff.
9. 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
Supervision and Management	11	627	11	636
Car Parking - Estate Concierge (2/3)	15	821	19	902
Total	26	1,448	30	1,538

10. A detailed breakdown of Central Support Services and Capital Charges is presented in Appendix 2.
11. A detailed breakdown of Repairs and Maintenance costs are provided in Appendix 3

Potential Further Budget Developments

13. The provisional nature of the 2015/16 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;

Draft Capital and Supplementary Revenue Budgets

14. 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> Landlord Costs <u>Authority to Start</u> <u>Work</u>	Contractor's Office	0	10	0	10
Landlord Costs	- Barbican Podium Waterproofing	992	3,639	0	4,631
Landlord Costs	Baggage stores	71	1	0	72
TOTAL BARBICAN RESIDENTIAL		1,063	3,650	0	4,713

15. Pre-implementation costs comprise option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work. A budget of £10,000 has been approved from central resources to explore options for the conversion of a unit in Andrewes House, which is currently used as a contractor's office, into a residential unit.
16. The first phase of the podium waterproofing project is due to be completed in the current financial year.
17. The conversion of space below Speed House to provide new baggage stores was completed earlier this year.
18. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2015.

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 2013-14 £'000	Latest Approved Budget 2014-15 £'000	Original Budget 2015-16 £'000	Movement 2014-15 to 2015-16 £'000
CITY FUND				
Supervision & Management (fully recharged)	0	0	0	0
Landlord Services	387	492	502	10
Car Parking	216	205	169	(36)
Baggage Stores	(151)	(191)	(197)	(6)
Trade Centre	(460)	(488)	(534)	(46)
Other Non-Housing	168	29	32	3
TOTAL	160	47	(28)	(75)

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 1,508 car spaces of which some 1,037 (68.7%) 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.

APPENDIX 2

Support Service and Capital Charges from/to Barbican Residential Committee	Actual 2013/14 £000	Latest Approved Budget 2014/15 £000	Original Budget 2015/16 £000
Support Service and Capital Charges			
Insurance	319	323	337
IS Recharges - Chamberlain	154	109	98
Capital Charges	2,158	2,100	2,100
Support Services -			
Chamberlain	193	166	171
Comptroller and City Solicitor	160	160	154
Town Clerk	117	118	113
City Surveyor	10	11	11
Other Services*	26	26	21
Total Support Services and Capital Charges	3,137	3,014	3,005
Recharges Within Funds			
Corporate and Democratic Core – Finance Committee	(50)	(50)	(50)
HRA	(82)	(126)	(126)
Community and Children's Services Committee	54	42	25
Recharges within Committee Service Charge Account	(388) 156	(610) 138	(580) 138
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	2,827	2,408	2,412

* 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**

	Latest Approved Budget 2014/15 £'000	Original Budget 2015/16 £'000		Budget to Budget % Increase (Decrease)
	A	B		B/A
<u>Supervision & Management Holding Account</u>				
Estate Office - Breakdown Maintenance	19	9	E	
Total Supervision & Management Holding Account	19	9		(47)
<u>Services and Repairs - Landlords</u>				
Breakdown Maintenance	274	255	E	
Drains	88	93		
Rechargeable works - Emergency work in sold flats, dilapidations and insurance claims	35	35	A	
External redecoration (70% of soffits)	34	34	A	
Total Services and Repairs - Landlords	431	417		97
<u>Car Parking</u>				
Breakdown Maintenance - Building	231	141	E	
Total Car Parking	231	141		(61)

	Latest Approved Budget 2014/15 £'000	Original Budget 2015/16 £'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	49	53	E	
Total Trade Centre	49	53		108
<u>Other Non-Housing</u>				
Breakdown Maintenance	2	2	E	
Total Other Non-Housing	2	2		0
TOTAL	738	628		85

E = ESSENTIAL
A = ADVISABLE
D = DESIRABLE