

Committee(s):	Date(s):
Residents' Consultation Committee	7 September 2015
Barbican Residential Committee	14 September 2015
Subject: 2014/15 Revenue Outturn for the Dwellings Service Charge Account including reconciliation between the closed accounts and the final service charge.	
Report of: The Chamberlain Director of Community & Children's Services	Public For Information

Summary

This report provides a summary of service charge expenditure. 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 2015. A summary is provided in the table below :

Table 1 - Summary Comparison of 2014/15 Revenue Outturn with Final Agreed Budget			
	Latest Agreed Budget	Revenue Outturn	Variations
	£000	£000	£000
Expenditure	7,361	6,552	(809)
Income	(8,283)	(7,580)	703
Net Income	(922)	(1,028)	(106)
Net Recharges	922	1,028	106
Overall Totals	0	0	0

A summary of the service charge reconciliation of the 2014/15 actuals as per the closed accounts above and the amount to be charged as a service charge is set out in the table below.

Table 2 - Service Charge Reconciliation 2014/15	£000
Actual Service Charge Expenditure Per Accounts	7,736
Less recharges and Barbican Estate Office adjustments.	(218)
Final Service Charge Expenditure	7,518

Recommendations

It is recommended that this revenue outturn report for 2014/15 and the service charge reconciliation are noted.

Main Report

Revenue Outturn for 2014/15

1. This report compares the revenue outturn for the dwellings service charge account overseen by your Committee in 2014/15, with the final agreed budget for the year.
2. A summary of the expenditure with the final agreed budget for the year is shown below in table 3. In the various tables, figures in brackets indicate income or in hand balances, increases in income or decreases in expenditure. Note a more detailed analysis of all service charge expenditure is attached at Appendix 2.

3. A reconciliation of the original budget to the latest approved budget is provided in Appendix 1.

Actual 2013-14 £'000	TABLE 3 - Service Charge Account	Latest Approved Budget £'000	Actual 2014-15 £'000	Variiances £'000	Para
	Expenditure				
2,087	Direct Employee Expenses	1,934	1,828	(106)	5
8	Indirect Employee Expenses	6	3	(3)	
2,095	Total Employees	1,940	1,831	(109)	
2,027	Repairs and Maintenance	2,557	2,014	(543)	4
2,137	Energy Costs	2,271	2,097	(174)	5
110	Rents	118	149	31	
13	Rates	14	15	1	
(1)	Water Services	3	2	(1)	
226	Cleaning and Domestic Supplies	233	263	30	
101	Grounds Maintenance Costs	120	116	(4)	
4,615	Total Premises Costs	5,316	4,656	(660)	
17	Equipment, Furniture & Materials	71	40	(31)	
0	Catering	1	0	(1)	
8	Clothes, Uniform & Laundry	12	10	(2)	
4	Printing & Stationery	5	1	(4)	
1	Fees and Services	2	1	(1)	
17	Communications & Computing	14	14	(0)	
47	Total Supplies and Services	105	66	(39)	
6,757	Total Expenditure	7,361	6,552	(809)	
(7,454)	Income	(8,283)	(7,580)	703	
(697)	Net Income	(922)	(1,028)	(106)	
	Recharges			0	
957	Expenditure	1,109	1,184	75	
(260)	Income	(187)	(156)	31	
697	Total Recharges	922	1,028	106	
(0)	Total Service Charge Account	0	0	0	

4. There was an underspend of £543,000 on repairs and maintenance costs. This is a demand-led service and lower costs are a reflection of reduced need for repairs, 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. Full details of variances and further explanations are given in the attached Appendix 2.
5. The variance in the direct employee costs is mainly due to the reduction costs for the lobby porters, costs were lower because of reduced agency costs and the appointment of several new staff on lower scale points. The energy cost variance is due to 2014/15 winter was relatively mild and has reflected in the charge.

Service Charge Reconciliation 2014/15

6. The table below sets out the service charge reconciliation of the 2014/15 Actuals as per the closed accounts and the amount charged to the lessees.

Table 4 - Service Charge Reconciliation 2014/15	£000
Actual Service Charge Expenditure Per Accounts (direct £6,552k + gross recharge £1,184k per Table 3)	7,736
Less Fees, charges and cleaning and lighting recharges.	(174)
Less Barbican Estate Office adjustments	(44)
Final Service Charge Expenditure	7,518

6. Time constraints imposed on the City Corporation to close the annual accounts do 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 2.

• **Appendices**

Appendix 1: Reconciliation of the original budget to the latest approved budget.

Appendix 2: Relationship of the Barbican Residential Committee Outturn Report to Service Charge Schedules. (*Next agenda item*)

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Appendix 1

Reconciliation of Original Budget to Latest Approved Budget for Barbican Service Charge account.

	£'000
Original Budget	0
Increase in expected CCTV/Security costs	28
Increase in estimated repairs and maintenance costs	23
Reduction in expected employee costs – mainly car park attendant & cleaners costs	(95)
Balancing reduction in expected service charge income	44
Latest Approved Budget	0