

<b>Committee(s)</b>	<b>Dated:</b>
Barbican Residents' Consultation Committee <b>(for Information)</b> Barbican Residential Committee <b>(for Decision)</b>	30 November 2015 14 December 2015
<b>Subject:</b> Service Charge Expenditure and Income Account - Latest Approved Budget 2015/16 and Original Budget 2016/17	<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 2015/16 and original 2016/17 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.

<b>Summary Of Table 1</b>	<b>Latest Approved Budget 2015/16 £'000</b>	<b>Original Budget 2016/17 £'000</b>	<b>Movement £'000</b>
Expenditure	7,912	8,411	499
Recharges	896	896	0
Income	(8,808)	(9,307)	(499)
<b>Total Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

The original budget for 2016/17 total expenditure including net recharges is £9,307,000 compared to the 2015/16 latest approved budget of £8,808,000. This increase of £499,000 is mainly due to an increase in employee costs of £97,000 and Repairs and Maintenance costs of £352,000.

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 2016/17 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, and corporate projects.

## **Main Report**

### **Introduction**

1. This report sets out the proposed revenue budget for 2016/17. The revenue budget management arrangements are to:
  - 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 2016/17**

4. The proposed Revenue Budget for 2016/17 is shown in table 1 overleaf. A reconciliation of the 2015/16 latest agreed budget to the 2015/16 original budget is provided in Appendix 3.
  - 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.

Analysis of Service Expenditure	Local, Central Risk or Recharges	Actual 2014-15 £'000	Latest Approved Budget 2015-16 £'000	Original Budget 2016-17 £'000	Movement 2015-16 to 2016-17 £'000	Paragraph Reference
Expenditure						
Employees	L	1,830	2,059	2,156	97	7
Premises Related Expenses						
Repairs and Maintenance	L	2,014	2,936	3,288	352	Appendix 1
Energy Costs	L	2,097	2,326	2,356	30	6
Rents	L	149	123	126	3	
Rates	L	15	15	15	0	
Water Services	L	2	3	3	0	
Cleaning and Domestic Supplies	L	263	241	242	1	
Grounds Maintenance	L	116	123	123	0	
Equipment, Furniture and Materials	L	40	52	68	16	
Catering	L	0	1	1	0	
Uniforms	L	10	12	12	0	
Printing, Stationery and Office Exp.	L	1	5	5	0	
Fees and Services	L	1	2	2	0	
Communication and Computing	L	14	14	14	0	
<b>Total Expenditure</b>		<b>6,552</b>	<b>7,912</b>	<b>8,411</b>	<b>499</b>	
Income	L	(7,580)	(8,808)	(9,307)	(499)	
<b>Net Income</b>		<b>(1,028)</b>	<b>(896)</b>	<b>(896)</b>	<b>0</b>	
<b>Recharges</b>						
Expenditure	R	1,184	1,083	1,083	0	Appendix 2
Income	R	(156)	(187)	(187)	0	
<b>Total Recharges</b>		<b>1,028</b>	<b>896</b>	<b>896</b>	<b>0</b>	
<b>Total Service Charge Account</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

5. The original budget for 2016/17 total expenditure including net recharges is £9,307,000 compared to the 2015/16 latest budget of £8,808,000. This increase of £499,000 is mainly due to increase in employee costs of £97,000 and Repairs and Maintenance cost of £352,000.
6. Energy costs have also increased by £30,000 due to expected higher tariffs.
7. Analysis of the movement in manpower and related staff costs are shown in Table 2 below.

<b>Table 2 - Manpower statement</b>	<b>Latest Approved Budget 2015/16</b>		<b>Original Budget 2016/17</b>	
	<b>Manpower Full-time equivalent</b>	<b>Estimated cost £000</b>	<b>Manpower Full-time equivalent</b>	<b>Estimated cost £000</b>
Garchey Operatives	3	116	3	119
Cleaners	35	912	35	974
Estate Concierge (1/3)	9	446	9	459
Lobby Porters	12	585	12	604
<b>Total Barbican Residential</b>	<b>59</b>	<b>2059</b>	<b>59</b>	<b>2156</b>

### **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 01/04/15 £'000	2015/16 £'000	2016/17 £'000	Later Years £'000	Total £'000
<u>Pre-implementation</u>						
Service Charge	Communal repairs / redecorations	1	21			22
<u>Authority to start work</u>						
Service Charge	Concrete testing		272			272
<b>TOTAL BARBICAN RESIDENTIAL</b>		1	293	0	0	294

10. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work. It should be noted that the above figures exclude the implementation costs of those schemes which have yet to receive authority to start work.
11. The programme of communal repairs and redecorations will be subject to further consultation and approvals.
12. The concrete testing is due to take place within the current financial year and will produce recommendations which may include further repair work.
13. A proportion of the costs for these schemes will be recoverable from residents via service charges.
14. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2016.

## **Appendices**

Appendix 1 = Analysis of Repairs, Maintenance and Minor Improvements  
Appendix 2 = Support Services and Capital Charges

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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 2015/16 £000	Original Budget 2016/17 £000
Responsive and Contract Servicing including Building Electrical and Heating and Ventilation	1,091	1,105
IRS maintenance	30	30
Responsive and Contract Servicing - Lifts	250	255
<b>Sub Total Responsive and Contract Servicing</b>	<b>1,371</b>	<b>1,390</b>
External and Internal Decorations	625	1128
Upgrade Safety/Security Installations	25	35
Water Supply Works	170	120
Concrete Repairs Contingency	503	300
Drainage Repairs / Remedial Work	5	30
Consultants Fees	45	35
Asbestos Removal	3	0
Electrical Testing	10	10
Asbestos Encapsulations	110	110
Emergency Lighting to Stairs, Corridors and Plant Rooms	49	20
Heating Condition Survey	0	100
Asset Management	10	10
Fan Duct Work Cleaning	10	0
<b>TOTAL</b>	<b>2,936</b>	<b>3,288</b>

## Appendix 2

Support Service and Capital Charges from/to Barbican Service Charges	Actual 2014/15 £'000	Latest Approved Budget 2015/16 £'000	Original Budget 2016/17 £'000
<b>Support Service</b>			
Insurance	26	26	26
<b>Total Support Services</b>	26	26	26
<b>Recharges within Committee</b>			
Cleaning and Lighting	(148)	(138)	( 138)
Barbican Supervision and Management	749	580	580
<b>Recharges Within Funds</b>			
DCCS	401	428	428
<b>TOTAL SUPPORT SERVICE AND CAPITAL CHARGES</b>	<b>1,028</b>	<b>896</b>	<b>896</b>

## Appendix 3

Reconciliation of 2015/16 Original Budget to Latest Approved Budget	£'000
Original Budget Net Expenditure	0
Increase in repairs and maintenance costs. (Mainly concrete repairs contingency).	386
Revised estimates of employee costs.	37
Balancing increase expected income.	(423)
<b>Latest Approved Budget Net Expenditure</b>	<b>0</b>