

Committee(s):	Dated:
Residents' Consultation Committee	5 September 2016
Barbican Residential Committee	19 September 2016
Subject: 2015/16 Revenue Outturn for the Dwellings Service Charge Account including reconciliation between the closed accounts and the final service charge.	Public
Report of: The Chamberlain Director of Community & Children's Services	For Information
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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 2016. A summary is provided in the table below:

Table 1 - Summary Comparison of 2015/16 Revenue Outturn with Final Agreed Budget			
	Latest Agreed Budget	Revenue Outturn	Variations Increase/ (Reduction)
	£000	£000	£000
Expenditure	8,302	7,064	(1,238)
Income	(9,198)	(8,171)	1,027
Net Income	(896)	(1,107)	(211)
Net Recharges	896	1,107	211
Overall Totals	0	0	0

A summary of the service charge reconciliation of the 2015/16 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 2015/16	£000
Actual Service Charge Expenditure Per Accounts	8,323
Less recharges and Barbican Estate Office adjustments	246
Final Service Charge Expenditure	8,569

Recommendation

- It is recommended that this revenue report for 2015/16 and the service charge reconciliation are noted.

Main Report

Revenue Outturn for 2015/16

1. This report compares the revenue outturn for the dwellings service charge account overseen by your committee in 2015/16, 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 2014- 15 £'000	TABLE 3 - Service Charge Account	Original Budget £'000	Latest Approved Budget £'000	Actual 2015- 16 £'000	Variances £'000	Para
	Expenditure					
1,828	Direct Employee Expenses	2,015	2,054	2,018	(36)	
3	Indirect Employee Expenses	7	5	1	(4)	
1,831	Total Employees	2,022	2,059	2,019	(40)	
2,012	Repairs and Maintenance	2,550	3,326	2,670	(656)	4
2,097	Energy Costs	2,326	2,326	1,863	(463)	4
149	Rents	122	123	97	(26)	
15	Rates	14	15	10	(5)	
2	Water Services	3	3	2	(1)	
263	Cleaning and Domestic Supplies	233	241	228	(13)	
116	Grounds Maintenance Costs	123	123	118	(5)	
4,654	Total Premises Related Expenses	5,371	6,157	4,988	(1,169)	
40	Equipment, Furniture and Materials	67	52	37	(15)	
0	Catering	1	1	0	(1)	
10	Clothes, Uniform and Laundry	12	12	5	(7)	
1	Printing, Stationery	5	5	1	(4)	
1	Fees and Services	2	2	0	(2)	
14	Communications and Computing	14	14	14	0	
66	TOTAL Supplies and Services	101	86	57	(29)	
6,551	TOTAL Expenditure	7,494	8,302	7,064	(1,238)	
(7,580)	Income	(8,390)	(9,198)	(8,171)	1,027	4
(1,029)	Net Income	(896)	(896)	(1,107)	(211)	
	Recharges					
1,185	Expenditure	1,083	1,083	1,259	176	5
(156)	Income	(187)	(187)	(152)	35	
1,029	Total Recharges	896	896	1,107	211	
0	Total Service Charge Account	0	0	0	0	

4. There was an underspend of £656,000 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 and minor projects, compared to the expected level. Similarly the reduction in energy costs was due to mild weather during winter months. These savings resulted in a corresponding reduction in service charge income.
5. The adverse variance on recharges is due to higher than expected supervision & management costs.

Service Charge Reconciliation 2015/16

6. The table below sets out the service charges reconciliation of the 2015/16 actuals as per the closed accounts and the amount charges to the lessees.

Table 4 - Service Charge Reconciliation 2015/16	£000
Actual Service Charge Expenditure Per Accounts (direct 7064k+ gross recharge 1259k)	8,323
Less Fees, charges and cleaning and lighting recharges.	(155)
Add Barbican Estate Office adjustments	401
Final Service Charge Expenditure	8,569

7. 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 1.

Appendices

- Appendix 1 – Relationship of the Barbican Residential Committee Outturn Report to Service Charges Schedules.

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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 estimated repairs and maintenance costs mainly related to Frobisher Crescent Balcony works and Concrete Testing	769
Increase in expected employee costs	39
Balancing increase in service charge and funding for Frobisher Crescent	(808)
Latest Approved Budget	0