

Committee(s)	Dated:
Residents Consultation Barbican Residential	28 November 2016 12 December 2016
Subject: Service Charge Expenditure and Income Account - Latest Approved Budget 2016/17 and Original Budget 2017/18	Public
Report of: The Chamberlain Director of Community & Children's Services Report Author: Mark Jarvis – Chamberlain's	For Decision

Summary

This report sets out the latest approved budget for 2016/17 and original 2017/18 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	<i>Original Budget 2016/17 £'000</i>	<i>Latest Approved Budget 2016/17 £'000</i>	<i>Original Budget 2017/18 £'000</i>	<i>Movement £'000</i>
Expenditure	8,410	8,285	7,747	(538)
Recharges	898	842	899	57
Other Income	(9,308)	(9,127)	(8,646)	481
Total Net Expenditure	0	0	0	0

The original budget for 2017/18 total expenditure including net recharges is £8,646,000 compared to the 2016/17 latest approved budget of £9,127,000. This decrease of £481,000 is mainly due to a decrease in Repairs and Maintenance costs of £310,000 and supplementary revenue projects of £267,000.

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:

1. Review the provisional 2017/18 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the budget for submission to the Finance Committee;
2. 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 2017/18. 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.

Proposed Revenue Budget for 2017/18

3. The proposed Revenue Budget for 2017/18 is shown in table 1 overleaf. A reconciliation of the 2016/17 latest agreed budget to the 2017/18 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.

Table 1 - Analysis of Service Expenditure	Local, Central Risk or Recharges	Actual 2015-16 £'000	Original Budget 2016-17 £'000	Latest Approved Budget 2016-17 £'000	Original Budget 2017-18 £'000	Movement 2016-17 to 2017-18 £'000	Paragraph Reference
Expenditure							
Employees	L	2,019	2,156	2,144	2,156	12	7
Premises Related Expenses							
Repairs and Maintenance	L	2,281	3,288	1,997	1,687	(310)	4
Supplementary Revenue Projects	C	389	0	1,207	940	(267)	5,8
Energy Costs	L	1,863	2,356	2,346	2,369	23	6
Rents	L	97	126	126	129	3	
Rates	L	10	15	18	15	(3)	
Water Services	L	2	3	3	3	0	
Cleaning and Domestic Supplies	L	228	242	217	220	3	
Grounds Maintenance	L	118	123	123	124	1	
Supplies and Services							
Equipment, Furniture and Materials	L	37	68	70	70	0	
Catering	L	0	1	1	1	0	
Uniforms	L	6	12	12	12	0	
Printing, Stationery and Office Exp.	L	1	5	5	5	0	
Fees and Services	L	0	1	2	1	(1)	
Contributions to Provisions	L	(51)	0	0	0	0	
Communication and Computing	L	13	14	14	15	1	
Total Expenditure		7,013	8,410	8,285	7,747	(538)	
Income							
Local Risk	L	(6,966)	(8,498)	(8,318)	(7,836)	482	
Central Risk	C	(1,205)	(810)	(809)	(810)	(1)	
Net Income		(1,158)	(898)	(842)	(899)	(57)	
Recharges							
Expenditure	R	1,310	1,085	1,017	1,074	57	
Income	R	(152)	(187)	(175)	(175)	0	
Total Recharges		1,158	898	842	899	57	
Total Service Charge Account		0	0	0	0	0	

4. Repairs and maintenance costs have reduced by £310,000 compared to the latest approved budget due to there being no costs in the 2017/18 budget for external and internal decorations and heating condition survey. Note the original budget for 2016/17 included £1,128,000 for external and internal decorations. Full analysis is provided in Appendix 1.
5. Actual 2015/16 costs of £389,000 were incurred in 2015/16 for supplementary revenue projects. The bulk of the costs were related to concrete testing, the balance related to a number of smaller projects. The original budget for 2016/17 included cost for redecorations in repair & maintenance that are now classified as Supplementary Revenue Projects.
6. Energy costs have also increased by £23,000 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 2016/17		Original Budget 2017/18	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
Garchey Operatives	3	100	3	116
Cleaners	34	943	34	963
Estate Concierge (1/3)	10	503	10	472
Lobby Porters	12	598	12	605
Total Barbican Residential	59	2,144	59	2,156

Draft Capital and Supplementary Revenue Budgets

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

Capital & Supplementary Revenue projects - latest estimated costs						
Service	Project	Exp. Pre 01/04/16 £'000	2016/17 £'000	2017/18 £'000	Later Years £'000	Total £'000
	<u>Pre-implementation</u>					
Service Charge	Water system testing	2	40			42
	<u>Authority to start work</u>					0
Service Charge	Concrete testing	190	417			607
Service Charge	Communal repairs / redecorations	10	750	940	634	2,334
TOTAL BARBICAN RESIDENTIAL		202	1,207	940	634	2,983

9. 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.
10. The programme of water system testing will be subject to further approvals, following completion of the risk assessments.
11. Concrete testing work will be completed in the current financial year, and consultation has started for the phase 2 blocks in the communal repairs and redecorations project.
12. A proportion of the costs for these schemes will be recoverable from residents via service charges.
13. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2017.

Appendices

Appendix 1 = Analysis of Repairs, Maintenance and Minor Improvements
Appendix 2 = Support Services and Capital Charges
Appendix 3 = Reconciliation of 2016/17 Original Budget to Latest Approved Budget

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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)	<i>Original Budget 2016/17 £000</i>	<i>Latest Budget 2016/17 £000</i>	<i>Original Budget 2017/18 £000</i>
Responsive and Contract Servicing including Building			
Electrical and Heating and Ventilation	1,105	1,105	1,115
IRS maintenance	30	30	30
Responsive and Contract Servicing - Lifts	255	250	262
Sub Total Responsive and Contract Servicing	1,390	1,385	1,407
External and Internal Decorations *	1,128	108	0
Upgrade Safety/Security Installations	35	35	35
Water Supply Works	120	40	0
Concrete Repairs Contingency	300	0	0
Drainage Repairs / Remedial Work	30	60	60
Consultants Fees	35	35	35
Electrical Testing	10	24	10
Asbestos Encapsulations	110	110	110
Emergency Lighting to Stairs, Corridors and Plant Rooms	20	20	20
Heating Condition Survey	100	170	0
Asset Management	10	10	10
TOTAL	3,288	1,997	1,687

* Cost now included within Supplementary Revenue Projects

Appendix 2

Support Service and Capital Charges from/to Barbican Service Charges	Actual 2015/16 £0	Original Budget 2016/17 £0	Latest Approved Budget 2016/17 £0	Original Budget 2017/18 £0
Support Service and Capital Charges				
Insurance	27	26	43	47
IS Staff Recharge	330	263	210	207
Total Support Services	357	289	253	254
Recharges within Committee				
Cleaning and Lighting	(138)	(138)	(126)	(126)
Barbican Supervision and Management	493	319	287	343
Recharges Within Funds				
DCCS	446	428	428	428
Contributions to Funds and Provisions				
TOTAL SUPPORT SERVICE AND CAPITAL CHARGES	1,158	898	842	899

Appendix 3

Reconciliation of 2016/17 Original Budget to Latest Approved Budget	£'000
Original Budget Net Expenditure	0
Carry Forwards Balance from 2016/17 (Not in Original Budget)	55
Decrease in repairs and maintenance costs (inc supp revenue projects)	(84)
Decreased in Cleaning and Domestic Supplies costs	(25)
Revised estimates of employee costs.	(12)
Decrease in other Costs (including recharges)	(60)
Balancing decreased income.	126
Latest Approved Budget Net Expenditure	0