

To All Residential Leaseholders  
Canary Riverside Estate  
Westferry Circus  
London E14 8RH



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18 March 2024  
SU.pc

Dear Leaseholders

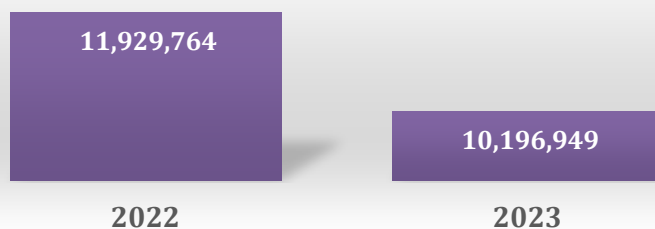
## Canary Riverside Estate – Budget 2024/25

Please find herewith the new service charge budget for the year commencing 1st April 2024 with supporting guidance notes. Despite all the inflationary pressures and some new contingencies described below, you should be pleased to see that the bottom line is still less than last year's budget.

This absorption of extras has been made possible by locking-in a substantially reduced rate for electricity, our biggest budget cost by far, for the year commencing 1<sup>st</sup> April 2024.

Aside from the lower rate, our installation of sensors and low-cost LED lighting has really paid off in markedly reducing annual consumption by nearly two million kilowatts. That's over £300,000 in money terms.

Canary Riverside Electrical Consumption - kWh



In the process of upgrading all flats to smart meters, we also installed additional meters in 'gray areas' thus further reducing drag on the main service charge budget.

These savings have been able to offset increases in the following areas:

- Staff wages and security are the second biggest cost elements in the budget and are of course affected by the mandatory increases in hourly rates each year. However, through voluntary leavers, we were able to re-roster the ground staff to a more cost-efficient shift arrangement, thus reducing the Estate wages budget by £25k.
- Following a Tribunal ruling, legal costs can no longer be shared as Estate Costs unless they specifically relate to issues with commercial tenants' leases or their shared services. This means that the bulk of legal costs, as relate mainly to Tribunal proceedings and the Landlord's companies, must solely be funded by the Residential Budget. However, any legal costs incurred for arrears or breach of any tenancy, will continue to be re-charged to the errant leaseholder or tenant.
- The advent of the new Building Safety Act has saddled all residential blocks with a raft of new regulations and compliance costs. This is particularly so for high rise blocks like yours. Aside from

earlier requirements to upgrade communal and flat doors to fire compliant standards and have them annually inspected, high rise buildings like Canary Riverside's towers will need to file detailed reports with the new Building Safety Regulator.

Aside from these new impositions in terms of compliance and costs, the Building Safety Act has unfortunately – and it would seem unintentionally – stymied our plan to get the cladding remediation underway and blocked the release of BSF funding which was ready to be rubber-stamped last August.

The new Act designates 'Accountable Persons' (APs) to have full responsibility for building safety. The Landlord applied to the Tribunal for determination of the AP and the Principal Accountable Person (PAP) under the Act in order to take control of the cladding remediation away from me as Section 24 Manager. In summary, the FTT ruled that the Landlords are the AP save in respect of Circus Apartments and that I am not an AP for any part of the Estate. This decision was appealed to the Upper Tribunal from which Judge Martin Rodger KC's ruling was issued last Friday. He has decided that whilst I am not the AP, I do have the power to implement the cladding remediation for as long as my existing Section 24 appointment continues but that, in his view, if at the forthcoming FTT hearing in May of RACR's application to extend my appointment the FTT continues my appointment, they cannot continue my power to deal with cladding. The FTT will also decide in May on the PAP for the Estate.

It is understood that the Secretary of State responsible for the Building Safety Act, the Rt Hon Michael Gove MP, is displeased with the new Act being used by landlords to encroach on the Section 24 protections afforded to tenants of such buildings as yours. This aberration has been raised in the Parliamentary Select Committee currently engaged with Secretary Gove's Leasehold Reform Bill, with specific mentions of Canary Riverside.

At the time of writing, I am awaiting further legal advice on last week's ruling by the learned Judge and will issue another of my cladding updates to you all as soon as there is more to report.

As always, I remain committed to improving standards of service and efficiency for the benefit of ALL stakeholders at Canary Riverside, whether residential or commercial, and thereby preserve the value of all your investments in this property and the quality of living at Canary Riverside.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sol Unsorfer', with a large, stylized initial 'S'.

Sol Unsorfer, FIRPM  
*Section 24 Manager – Canary Riverside Estate*

Column	A	B	C	D	E	F
Budget - year ending 31 March 2025	TOTAL - ALL SECTORS	TOTAL - ALL SECTORS	Estate	Residential	Car Park	Commerical
Canary Riverside	2023/2024	2024/2025	(ex vat)	(Inc vat)	(Ex vat)	(Ex vat)
<b>Staff</b>						
Staff Wages, NI & Pens. - Concierge	£ 336,200	£ 377,000	£ -	£ 377,000	£ -	£ -
Staff Wages, NI & Pens. - Estate	£ 220,000	£ 193,000	£ 193,000	£ -	£ -	£ -
HR Admin PA	£ 74,635	£ 72,092	£ 23,050	£ 49,042	£ -	£ -
Uniforms & Protective Clothing	£ 1,300	£ 1,600	£ 600	£ 1,000	£ -	£ -
Training	£ 1,300	£ 1,500	£ 600	£ 900	£ -	£ -
Recruitment Fees	£ 1,500	£ 3,000	£ 1,000	£ 2,000	£ -	£ -
Sundries	£ 5,500	£ 6,300	£ 2,300	£ 4,000	£ -	£ -
Staff equipment, water & welfare needs	£ 11,000	£ 10,000	£ 4,000	£ 6,000	£ -	£ -
Cleaning (Contracted)	£ 168,500	£ 191,930	£ 14,330	£ 177,600	£ -	£ -
Security (Contracted)	£ 450,700	£ 487,000	£ 487,000	£ -	£ -	£ -
Parcel, key & visitor ID logging	£ 6,000	£ 6,700	£ 700	£ 6,000	£ -	£ -
<b>Utilities</b>						
Electricity	£ 667,000	£ 460,100	£ 98,000	£ 230,000	£ 77,000	£ 55,100
Gas (less costs recharged)	£ 95,000	£ 88,000	£ -	£ 88,000	£ -	£ -
Metered water (less costs recharged)	£ 155,000	£ 120,000	£ -	£ 115,000	£ 5,000	£ -
Telephones	£ 4,000	£ 4,000	£ 1,000	£ 3,000	£ -	£ -
<b>Contracts Maintenance &amp; Services</b>						
Barrier Maintenance	£ 8,800	£ 7,000	£ -	£ -	£ 7,000	£ -
Door Entry Maintenance / CCTV	£ 18,500	£ 17,500	£ 6,000	£ 11,500	£ -	£ -
Drainage	£ 6,700	£ 6,700	£ 2,500	£ 3,000	£ 1,200	£ -
Fire Alarm & Equip. Maint. & Compliance	£ 39,000	£ 51,000	£ 29,000	£ 16,000	£ 6,000	£ -
General Repairs & Maintenance	£ 139,500	£ 145,000	£ 28,000	£ 110,000	£ 7,000	£ -
Water Softener & Treatment	£ 4,500	£ 5,000	£ -	£ 5,000	£ -	£ -
Light Bulbs	£ 7,000	£ 7,000	£ 1,000	£ 3,000	£ 3,000	£ -
Car Park & Surface Painting	£ 1,500	£ 1,500	£ -	£ -	£ 1,500	£ -
Vermin Control	£ 3,000	£ 3,000	£ 3,000	£ -	£ -	£ -
Mechanical & Electrical Maintenance	£ 230,000	£ 265,000	£ 115,000	£ 130,000	£ 20,000	£ -
Electrical Repairs	£ 15,000	£ 42,000	£ 8,000	£ 18,000	£ 16,000	£ -
Sign Writing & Notices	£ 1,600	£ 1,600	£ 350	£ 1,250	£ -	£ -
Lighting & Fittings	£ 7,500	£ 7,500	£ 2,000	£ 4,000	£ 1,500	£ -
Cradle Maintenance	£ 500	£ -	£ -	£ -	£ -	£ -
Lift Maintenance & Contract	£ 125,800	£ 140,132	£ 4,000	£ 114,000	£ 13,500	£ 8,632
Cleaning Materials	£ 3,000	£ 3,200	£ 700	£ 1,700	£ 800	£ -
Cleaning - Windows by Abseil	£ 48,000	£ 54,000	£ -	£ 53,000	£ -	£ 1,000
Refuse Removal & Recycling	£ 104,700	£ 119,010	£ -	£ 53,000	£ -	£ 66,010
Garden Maint, Planting & Tree Surgery	£ 45,000	£ 45,000	£ -	£ 36,000	£ -	£ 9,000
Garden lights maintenance	£ 2,100	£ 2,000	£ -	£ 1,500	£ -	£ 500
Canary Wharf Irrigation Charge	£ 12,500	£ 12,500	£ -	£ 10,000	£ -	£ 2,500
Satellite /TV/Aerials	£ 2,000	£ 3,000	£ -	£ 3,000	£ -	£ -
Energy Controls Metering Ctrct	£ 30,000	£ 41,000	£ 12,500	£ 26,000	£ 2,500	£ -
Energy Controls Meter Upgrades	£ 36,000	£ 5,300	£ 1,500	£ 3,000	£ 800	£ -
Clever Energy, Billing & Procurement	£ 40,000	£ 47,000	£ 47,000	£ -	£ -	£ -
Estate Gator Maintenance, Tax & Ins.	£ 1,800	£ 400	£ 400	£ -	£ -	£ -
Bank charges	£ 500	£ 600	£ 600	£ -	£ -	£ -
<b>Insurance</b>						
Engineering Insurance (Lifts & Plant)	£ 21,800	£ 18,600	£ 1,200	£ 14,200	£ 1,600	£ -
Buildings, Terrorism, Public & Employer Liab.	£ 674,725	£ 608,000	£ 14,000	£ 570,000	£ 12,000	£ -
Prov for Uninsured Water Claims Excess	£ 90,000	£ 70,000	£ 5,000	£ 65,000	£ -	£ -
<b>Professional</b>						
Accountancy Fees	£ 12,000	£ 13,000	£ 13,000	£ -	£ -	£ -
Legal Fees	£ 180,000	£ 230,000	£ 5,000	£ 225,000	£ -	£ -
Professional fees	£ 12,000	£ 8,500	£ 1,500	£ 7,000	£ -	£ -
Health & Safety, BSA Compliance	£ 28,000	£ 48,000	£ 6,000	£ 40,000	£ 2,000	£ -
Management fees	£ 263,650	£ 301,182	£ -	£ 232,532	£ 25,000	£ 43,650
<b>Sub Total</b>	£ 4,414,310	£ 4,352,446	£ 1,132,830	£ 2,816,224	£ 203,400	£ 186,392
<b>Reserves</b>	£ 500,000	£ 500,000	£ -	£ 380,000	£ 120,000	£ -
<b>Total Including Reserves</b>	£ 4,914,310	£ 4,852,446	£ 1,132,830	£ 3,196,224	£ 323,400	£ 186,392
<b>Estate Contribution</b>						
Irrecoverable Vat charged to Residential	£ 116,219	£ 159,487	£ -	£ 116,798	£ 42,689	£ -
Estate Contribution - Major Works			£ -	£ -	£ -	£ -
<b>Sub Total</b>				£ 753,449	£ 253,395	£ 285,473
<b>TOTAL</b>	£ 5,030,529	£ 5,011,933	£ -	£ 3,949,673	£ 576,795	£ 471,865

## CANARY RIVERSIDE

## Estimated Service Charge and Reserve Fund Budget - Residential

Column	A		B	C
Budget - year ending 31 March 2025 Canary Riverside	Residential Flats (Inc vat)	Estate (ex vat)	Residential Estate Inc VAT	TOTAL Residential
<b>Staff</b>				
Staff Wages, NI & Pens. - Concierge	£ 377,000	£ -	£ -	£ 377,000
Staff Wages, NI & Pens. - Estate	£ -	£ 193,000	£ 130,159	£ 130,159
HR Admin PA	£ 49,042	£ 23,050	£ 15,545	£ 64,587
Uniforms & Protective Clothing	£ 1,000	£ 600	£ 405	£ 1,405
Training	£ 900	£ 600	£ 405	£ 1,305
Recruitment Fees	£ 2,000	£ 1,000	£ 674	£ 2,674
Sundries	£ 4,000	£ 2,300	£ 1,551	£ 5,551
Staff equipment, water & welfare needs	£ 6,000	£ 4,000	£ 2,698	£ 8,698
Cleaning (Contracted)	£ 177,600	£ 14,330	£ 9,664	£ 187,264
Security (Contracted)	£ -	£ 487,000	£ 328,433	£ 328,433
Parcel, key & visitor ID logging	£ 6,000	£ 700	£ 472	£ 6,472
<b>Utilities</b>				
Electricity	£ 230,000	£ 98,000	£ 57,830	£ 287,830
Gas (less costs recharged)	£ 88,000	£ -	£ -	£ 88,000
Metered water (less costs recharged)	£ 115,000	£ -	£ -	£ 115,000
Telephones	£ 3,000	£ 1,000	£ 674	£ 3,674
<b>Contracts Maintenance &amp; Services</b>				
Barrier Maintenance	£ -	£ -	£ -	£ -
Door Entry Maintenance / CCTV	£ 11,500	£ 6,000	£ 4,046	£ 15,546
Drainage	£ 3,000	£ 2,500	£ 1,686	£ 4,686
Fire Alarm & Equip. Maint. & Compliance	£ 16,000	£ 29,000	£ 19,558	£ 35,558
General Repairs & Maintenance	£ 110,000	£ 28,000	£ 18,883	£ 128,883
Water Softener & Treatment	£ 5,000	£ -	£ -	£ 5,000
Light Bulbs	£ 3,000	£ 1,000	£ 674	£ 3,674
Car Park & Surface Painting	£ -	£ -	£ -	£ -
Vermin Control	£ -	£ 3,000	£ 2,023	£ 2,023
Mechanical & Electrical Maintenance	£ 130,000	£ 115,000	£ 77,556	£ 207,556
Electrical Repairs	£ 18,000	£ 8,000	£ 5,395	£ 23,395
Sign Writing & Notices	£ 1,250	£ 350	£ 236	£ 1,486
Lighting & Fittings	£ 4,000	£ 2,000	£ 1,349	£ 5,349
Cradle Maintenance	£ -	£ -	£ -	£ -
Lift Maintenance & Contract	£ 114,000	£ 4,000	£ 2,698	£ 116,698
Cleaning Materials	£ 1,700	£ 700	£ 472	£ 2,172
Cleaning - Windows by Abseil	£ 53,000	£ -	£ -	£ 53,000
Refuse Removal & Recycling	£ 53,000	£ -	£ -	£ 53,000
Garden Maint, Planting & Tree Surgery	£ 36,000	£ -	£ -	£ 36,000
Garden lights maintenance	£ 1,500	£ -	£ -	£ 1,500
Canary Wharf Irrigation Charge	£ 10,000	£ -	£ -	£ 10,000
Satellite /TV/Aerials	£ 3,000	£ -	£ -	£ 3,000
Balance of Vat recoverable	£ -	£ -	£ -	£ -
Energy Controls Metering Ctrct	£ 26,000	£ 12,500	£ 8,430	£ 34,430
Energy Controls Meter Upgrades	£ 3,000	£ 1,500	£ 1,012	£ 4,012
Clever Energy, Billing & Procurement	£ -	£ 47,000	£ 31,697	£ 31,697
Estate Gator Maintenance, Tax & Ins.	£ -	£ 400	£ 270	£ 270
Bank charges	£ -	£ 600	£ 405	£ 405
<b>Insurance</b>				
Engineering Insurance (Lifts & Plant)	£ 14,200	£ 1,200	£ 674	£ 14,874
Buildings, Terrorism, Public & Employer Liab.	£ 570,000	£ 14,000	£ 7,868	£ 577,868
Prov for Uninsured Water Claims Excess	£ 65,000	£ 5,000	£ 2,810	£ 67,810
<b>Professional</b>				
Accountancy Fees	£ -	£ 13,000	£ 8,767	£ 8,767
Legal Fees	£ 225,000	£ 5,000	£ 3,372	£ 228,372
Professional fees	£ 7,000	£ 1,500	£ 1,012	£ 8,012
Health & Safety, BSA Compliance	£ 40,000	£ 6,000	£ 4,046	£ 44,046
Management fees	£ 232,532	£ -	£ -	£ 232,532
<b>Sub Total</b>	£ 2,816,224	£ 1,132,830	£ 753,449	£ 3,569,673
<b>Reserves</b>	£ 380,000	£ -	£ -	£ 380,000
				£ -
<b>Total Including Reserves</b>	£ 3,196,224	£ 1,132,830	£ 753,449	£ 3,949,673

Residential share of Estate expenditure = 56.2%

## CANARY RIVERSIDE

## Estimated Service Charge and Reserve Fund Budget - Car Park Total

Column	A	D	E	F	G
Budget - year ending 31 March 2025					
Canary Riverside	Car Park Total (ex vat)	Car Park Resi TOTAL	Car Park Public (ex vat) 22.112%	Car Park Hotel (ex vat) 5.138%	Car Park Total (inc vat)
<b>Utilities</b>					
Electricity	£ 77,000	£ 58,624	£ 17,026	£ 4,141	£ 79,792
<b>Contracts Maintenance &amp; Services</b>					
Barrier Maintenance	£ 7,000	£ 6,091	£ 1,548	£ 376	£ 8,015
Light Bulbs	£ 3,000	£ 2,610	£ 663	£ 161	£ 3,435
Car Park & Surface Painting	£ 1,500	£ 1,305	£ 332	£ 81	£ 1,718
Mechanical & Electrical Maintenance	£ 20,000	£ 17,402	£ 4,422	£ 1,076	£ 22,900
Electrical Repairs	£ 16,000	£ 13,922	£ 3,538	£ 860	£ 18,320
<b>Insurance</b>					
Engineering Insurance (Lifts & Plant)	£ 1,600	£ 1,600	£ -	£ -	£ 1,600
Buildings, Terrorism, Public & Employer Liab.	£ 12,000	£ 12,000	£ -	£ -	£ 12,000
Prov for Uninsured Water Claims Excess	£ -	£ -	£ -	£ -	£ -
<b>Professional</b>					
Management fees	£ 25,000	£ 21,753	£ 5,528	£ 1,345	£ 28,626
<b>Sub Total</b>	£ 203,400	£ 163,659	£ 41,239	£ 10,030	£ 214,928
<b>Reserves</b>	£ 120,000	£ 87,012	£ 26,534	£ 6,454	£ 120,000
<b>Total Including Reserves</b>	£ 323,400	£ 250,671	£ 67,773	£ 16,484	£ 334,928
Estate Service Charge	£ 210,707	£ 180,644	£ 46,591	£ 11,332	£ 238,567
Estate Service Reserve	£ -	£ -	£ -	£ -	£ -
<b>TOTAL</b>	£ 534,107	£ 431,316	£ 114,365	£ 27,815	£ 573,496

## CANARY RIVERSIDE

## Estimated Service Charge and Reserve Fund Budget - Car Park Residential

Column	A	D	E	F	G	H
Budget - year ending 31 March 2025						
Canary Riverside	Car Park Total (ex vat)	Car Park Resi TOTAL inc vat	Car Park Resi Estate( 13.4%)	Car Park Resi Estate Vat	Car Park Estate TOTAL inc vat	TOTAL CAR PARK RESIDENTIAL
<b>Staff</b>						
Staff Wages, NI & Pens. - Estate	£ -	£ -	£ 26,030	£ 5,175	£ 31,204	£ 31,204
HR Admin PA	£ -	£ -	£ 3,109	£ 618	£ 3,727	£ 3,727
Uniforms & Protective Clothing	£ -	£ -	£ 81	£ 16	£ 97	£ 97
Training	£ -	£ -	£ 81	£ 16	£ 97	£ 97
Recruitment Fees	£ -	£ -	£ 135	£ 27	£ 162	£ 162
Sundries	£ -	£ -	£ 310	£ 62	£ 372	£ 372
Staff equipment, water & welfare needs	£ -	£ -	£ 539	£ 107	£ 647	£ 647
Cleaning (Contracted)	£ -	£ -	£ 1,933	£ 384	£ 2,317	£ 2,317
Security (Contracted)	£ -	£ -	£ 65,681	£ 13,057	£ 78,738	£ 78,738
Parcel, key & visitor ID logging	£ -	£ -	£ 94	£ 19	£ 113	£ 113
<b>Utilities</b>						
Electricity	£ 77,000	£ 58,624	£ 13,217	£ 657	£ 13,874	£ 72,498
Telephones	£ -	£ -	£ 135	£ 27	£ 162	£ 162
<b>Contracts Maintenance &amp; Services</b>						
Barrier Maintenance	£ 7,000	£ 6,091	£ -	£ -	£ -	£ 6,091
Door Entry Maintenance / CCTV	£ -	£ -	£ 809	£ 161	£ 970	£ 970
Drainage	£ 1,200	£ 870	£ 337	£ 67	£ 404	£ 1,274
Fire Alarm & Equip. Maint. & Compliance	£ 6,000	£ 4,351	£ 3,911	£ 778	£ 4,689	£ 9,039
General Repairs & Maintenance	£ 7,000	£ 6,091	£ 3,776	£ 751	£ 4,527	£ 10,618
Light Bulbs	£ 3,000	£ 2,610	£ 135	£ 27	£ 162	£ 2,772
Car Park & Surface Painting	£ 1,500	£ 1,305	£ -	£ -	£ -	£ 1,305
Vermin Control	£ -	£ -	£ 405	£ 80	£ 485	£ 485
Mechanical & Electrical Maintenance	£ 20,000	£ 17,402	£ 15,510	£ 3,083	£ 18,593	£ 35,996
Electrical Repairs	£ 16,000	£ 13,922	£ 1,079	£ 214	£ 1,293	£ 15,215
Sign Writing & Notices	£ -	£ -	£ 47	£ 9	£ 57	£ 57
Lighting & Fittings	£ 1,500	£ 1,305	£ 270	£ 54	£ 323	£ 1,629
Lift Maintenance & Contract	£ 13,500	£ 9,789	£ 539	£ 107	£ 647	£ 10,436
Cleaning Materials	£ 800	£ 580	£ 94	£ 19	£ 113	£ 693
Cleaning - Windows by Abseil	£ -	£ -	£ -	£ -	£ -	£ -
Garden lights maintenance	£ -	£ -	£ -	£ -	£ -	£ -
Canary Wharf Irrigation Charge	£ -	£ -	£ -	£ -	£ -	£ -
Energy Controls Metering Ctrct	£ 2,500	£ -	£ 1,686	£ 335	£ 2,021	£ 2,021
Clever Energy, Billing & Procurement	£ -	£ -	£ 6,339	£ 1,260	£ 7,599	£ 7,599
Estate Gator Maintenance, Tax & Ins.	£ -	£ -	£ 54	£ 11	£ 65	£ 65
Bank charges	£ -	£ -	£ 81	£ 16	£ 97	£ 97
<b>Insurance</b>						
Engineering Insurance (Lifts & Plant)	£ 1,600	£ 1,600	£ 161	£ -	£ 161	£ 1,761
Buildings, Terrorism, Public & Employer Liab.	£ 12,000	£ 12,000	£ 1,877	£ -	£ 1,877	£ 13,877
<b>Professional</b>						
Accountancy Fees	£ -	£ -	£ 1,753	£ 349	£ 2,102	£ 2,102
Legal Fees	£ -	£ -	£ 674	£ 134	£ 808	£ 808
Professional fees	£ -	£ -	£ 202	£ 40	£ 243	£ 243
Health & Safety, BSA Compliance	£ 2,000	£ 1,740	£ 809	£ 161	£ 970	£ 2,710
Management fees	£ 25,000	£ 21,753	£ -	£ -	£ -	£ 21,753
<b>Sub Total</b>	£ 203,400	£ 163,659	£ 152,783	£ 27,861	£ 180,644	£ 344,304
<b>Reserves</b>	£ 120,000	£ 87,012	£ -	£ -	£ -	£ 87,012
<b>Total Including Reserves</b>	£ 323,400	£ 250,671	£ 152,783	£ 27,861	£ 180,644	£ 431,316

## Notes:

The Estate costs are apportioned 13.4% to the Residential Car park and 5.2% to the public car park

Cost per Residential parking space = £ 1,184.93

## CANARY RIVERSIDE ESTATE SERVICE CHARGE BUDGET 2024/25 GUIDANCE NOTES FOR RESIDENTIAL LESSEES

### INTRODUCTION

The running costs of the Canary Riverside Estate are made up of four sector cost centers:

1. Residential blocks – the direct costs associated with Belgrave Court, Eaton House (including Circus), Berkeley Tower and Hanover House.
2. Commercial lessees – the direct shared costs associated with the commercial buildings, i.e., the hotel, club house (gym and restaurant), ‘commercial in residential’ (e.g., dry cleaner CREM offices, and letting agency) and ‘WF1’ being the café and eateries along the Westferry promenade.
3. Car park – the direct costs associated with levels P1 and P2, which is split between residential (72.51%) and commercial (27.49%).
4. Estate – the direct cost of common services provided across the whole estate. These costs (such as security, gardening, M&E maintenance) are then split across the other three sectors, in accordance with an apportionment schedule, to reflect the usage of shared parts of the estate. The apportionments are:
  - a. Residential: 56.2% (including Circus Apartments)
  - b. Residential car park: 13.4%
  - c. Commercial car park: 5.2%
  - d. Commercial-in-residential: 1.01% (such as: offices, dry cleaner, letting agency, café)
  - e. Hotel: 16.8%
  - f. Club: 5.4%
  - g. WF1: 1.99% (Westferry riverfront eateries)
5. Residential lessees (blocks and car park) must pay costs inclusive of VAT, but commercial tenants’ service charges are billed net of VAT so that they can recover the tax. Where relevant, the schedules detail whether the figures shown are gross or net of VAT. The VAT rates are currently 0% for water, 5% for gas & electricity and 20% on all other costs/services that attract VAT.
6. Reserves are earmarked for capital expenditure on major works for the repair of the building fabric, upgrading of the interior common parts and periodic replacement of plant and machinery. Surveyors and M&E consultants review the priorities going forward. A cladding remediation reserve was set up in April 2020 to fund the preliminary costs of invasive surveys and consultancy as well as any residual repairs which might not qualify for government funding.

### THE BUDGET SCHEDULES

The attached schedules display a number of columns and rows. The columns relate to specific schedules the rows are broken down into the following 6 main cost centers:

### STAFF

The full complement of staff consists of 8 concierges (2 per tower providing 12-hour coverage on alternate shifts), 3 estate staff (for grounds sweeping, refuse collection and minor repair works & painting in the car park) and an on-site facilities manager, all of whom are employed directly. From the

end of 2018 the wages of such directly employed property staff became subject to 20% VAT. The residential cleaners and security staff are outsourced to contractors who bill us monthly, as is the cost of a Circus Apartments concierge and common parts cleaner pro-rata with the others. The budget provisions for directly employed staff allow for wages, national insurance and mandatory pension contributions as well as holiday and sickness cover and a week's Christmas bonus. There is a 15% employment and HR admin cost included in the Sec 24 Order.

The contracted costs of security and cleaning staff are all inclusive but of course subject to VAT at 20% which only the commercial tenants can recover, based on their apportionment of costs.

The security team has been retained at three staff (per shift) based within the ground floor office located in Hanover House. Currently we do not have responsibility for the P2 car park security desk as that role/station has been taken over by the landlord and/or its subtenant in collection of visitor car park charges.

Other costs under this heading include provisions for staff welfare, uniforms, occasional training and recruitment fees for replacement staff and petty cash. In addition, there is staff equipment such as PCs and peripherals at their concierge stations. There is also the parcel and key logging and tracking system and the clocking in/out system which keeps staff overtime claims in check.

## **UTILITIES**

### Electricity

The development was originally wired up to supply all parts of the estate from a single communal source located in the residential loading bay area. This means that we have to contract the full cost of electricity supply annually before charging the commercial apportionments out to the hotel, health club and other commercial users which collectively account for around 50% of the overall consumption. Like the residential flats, these are separately metered, and readings are monitored and logged across the whole estate by bespoke software belonging to Energy Controls Limited to whom an annual service fee is paid (see below). The meter readings are then processed by Clever Energy which deals with the billing to flats as well as other metered utility supplies to the commercial parts.

The amount for electricity inserted into the service charge budget has traditionally equated to around 25% of the annual cost to cover unmetered residuals such as powering and lighting common parts of the residential blocks, shared parts of the wider estate and plantrooms - and as a cash flow buffer between our monthly payments to the utility company and metered recoveries by the billing company. By adding and upgrading meters we have reduced the budget allowance from 25% to 22% of the overall cost.

### Gas

This covers the costs of providing communal hot water to residential apartments and other residential gas consumption. Commercial users are billed for any sub-metered use.

### Water

This covers the cost of water supplies to residential apartments and usage by the cleaning and concierge staff. Commercial users are billed for any sub-metered use.

### Telephones

The concierge, security and estate staff use mainly landline phones.

## **CONTRACTS, MAINTENANCE AND SERVICES**

### Barriers/Door Entry Access/CCTV

This covers the costs of maintenance and repairs to the main gates, building doors and car park barriers, the new fob entry system and the maintenance of CCTV systems across the estate.

### Drainage

This cost covers the service visits and callout charges for the estate drainage system at P2 level.

#### Fire alarm & Equipment maint. & compliance

This covers ADT's alarm service and callouts, servicing of automatic smoke vents and other firefighting equipment and components in common parts and plantrooms. Unfortunately, ADT's is a closed-protocol system for which we are dependent on them for programming and spares which cannot be sourced in the wider generic marketplace. When the time comes for replacement, we plan for it to be open-source and should be substantially cheaper to service and maintain.

#### General repairs and maintenance

Repairs to the common areas such as are undertaken on an ad-hoc basis. Smaller jobs are increasingly being assigned to the Estate staff to save on callouts to external contractors which involves their profit costs and VAT.

#### Water softener

Hot water supplies are softened (using salt) to help protect boilers and piping as well as for the supply to the spa which is recharged accordingly. Cold water supplies to Residential properties are not softened as it is not suited to all tastes and health needs.

#### Light bulbs

Replacement of light bulbs in communal & car park areas. Great savings have been made by switching to LED fittings and the use of movement sensors in less trafficked areas such as service stairs.

#### Vermin control

This covers the pest control contract for service visits to renew bait stations and respond to callouts.

#### Mechanical and Electrical Maintenance

DMG-Delta provides an onsite M&E engineer 3 days a week to deal with all the routine maintenance and checks, plus a supervisor who does spot checks and is on standby for any major issues. The service contract is treated as Estate costs whilst actual repair costs are allocated to the relevant beneficiaries' cost centers or reserve funds.

#### Electrical repairs

These are ad hoc repairs to fittings, sensors and wiring. Major works (e.g., actual replacement of main fuses and HV components) would normally be funded through reserves.

#### Signwriting & Notices

Occasional notices for directional or safety needs.

#### Lighting & Fittings

Replacement of faulty or blown fittings, most often in the service stairways and plant rooms.

#### Cradle maintenance

As the maximum load capacities are no longer considered fit for practical use within current safety standards, we locked the cradles out of service and now use abseilers more economically for window cleaning and other minor works at high level. The cost of replacing the cradles is prohibitive and meanwhile we save on maintenance and insurance of redundant cradles.

#### Lift maintenance contract

A 30-year estate-wide contract with OTIS was put in place by the landlords in 2000. Whilst the contract is fully comprehensive, callout costs for misuse or damage are chargeable.

#### Cleaning materials

Cost of mops, buckets and other materials needed by our staff.

#### Cleaning - Windows

Quarterly cleaning by abseilers of windows, balustrades, front entrances & ground floor glazing.

#### Refuse removal & Recycling

The compacting and removal of waste and recyclables is carried out under contract. These costs are apportioned to residential towers and commercial units based on the turnover of bins from each



source, the largest users being the Westferry eateries.

#### Garden Landscaping

This covers routine monthly service visits and a planting plan. Costs are split between residential (80%) and the hotel (20%). It also includes a provision for pruning and tree surgery.

#### Garden lights maintenance

External wiring and fittings, faults and replacements including brick lights in the dwarf walls, apportioned as above.

#### Canary Wharf irrigation charge

The irrigation system water supply is provided by the Canary Wharf authority during the summer season and recharged according to metered usage. It is allocated to Estate costs.

#### Satellite/TV/Aerials

The cost of callouts and maintenance to the communal feeds to apartments. Hyperoptic broadband was installed in 2022.

#### Energy Controls Metering Contract

See above (Utilities/Electricity). This is the service fee for the meter reading software and fulfilment. There is a separate cost heading for repairs and upgrades to smart meters.

#### Estate Gator

This is the vehicle used to tow the refuse containers from the rubbish chute terminals and commercial premises to the refuse and recycling bay. The cost is for servicing, spares, fuel and road tax.

#### Bank charges

Maintaining the service charge and reserve bank accounts, which have trustee status, at Barclays.

### **INSURANCE**

The development, including the Residential apartments, is currently insured under policies put in place by the landlord, CREM, which are renewed on 1st April each year. At the time of completing this budget CREM has not apprised us of the renewal premium and our budget figure is an estimate.

The landlord's insurance covers the buildings, furnishings and contents of common parts, terrorism and public liability. There is a £25,000 claims excess for any water damage incident, which is why the budget also includes a provision for uninsured losses. This annual provision is not cumulative; whatever is not used or committed is credited in the year-end accounts.

It is vitally important that flat owners separately maintain adequate household contents insurance to include 3<sup>rd</sup> party liability in the event of damage to other flats arising from negligence such as bath or appliance overflow or faulty plumbing. You should check and maintain all plumbing connections, WC overflows and flexible pipes under your sinks, and maintain bath/shower seals in good condition. If you rent out your flat, you need to take out cover for loss of rent, just like any other business interruption risk. If your flat is left unoccupied for more than a month, water and gas should be turned off at the mains and management should be informed.

### **PROFESSIONAL**

#### Accountancy fees

The service charge expenditure is certified annually by external accountants, within a set of accounts drawn up in compliance with the lease and Landlord & Tenant legislation.

#### Legal fees

Whilst most legal costs of arrears recovery and breach enforcement are charged to errant tenants, there are always residuals. The main legal expenses in the budget relate to matters relating to the

administration of the Section 24 Order and associated Tribunal proceedings or other disputes with the landlord. The Tribunal has ruled that commercial tenants should not routinely be charged for such costs, except where legal proceedings specifically concerned them or their shared services.

#### Professional fees

Fees incurred when seeking specialist advice such as from surveyors or consultants, including any attendance fees of the Section 24 Manager as prescribed in the Management Order.

#### Health and Safety

The cost of qualified health & safety and fire risk assessments, mandatory testing and other compliance. The new Fire Safety (England) Regulations 2022 have mandated many new monitoring and checking measures which have added to the budget allowance, as has the new Building Safety Act 2022 to an even greater extent.

#### Management fees

This is the Section 24 Manager's fee as set by the Tribunal Order and billed by Parkgate Aspen.

## **RESERVES**

Reserve contributions are collected to ensure there is funding for major replacements and repairs. The intention is to maintain steady levels of contributions to reserves so that costs are more evenly distributed across service charge years.

There are separate reserve fund allocations for Residential, Car Park and Estate sectors as well as for shared services benefitting commercial parts.

The Residential Reserve will be used for external repair and decoration, to include the refurbishment of timber balcony handrails and renewal of the flat roof areas all of which will require scaffolding. These works have been held up by the wait for government funding for the remediation of unsafe cladding. In the meanwhile, the recarpeting and upcoming internal redecoration and refurbishment of the residential towers is funded by reserves.

The Car Park reserve has funded the major energy saving improvements carried out recently, in the replacement of light fittings with energy saving models and microwave sensors, as well as all other upgrading mandated by the site-wide EICR wiring report. Its next priority will be upgrading the electrical infrastructure to meet demand for EV charging as we near the government's 2030 deadline for sales of fossil-fueled vehicles. That scheme currently awaits the relevant landlord consents for the location of new substations and the necessary alterations.

## **THE FINANCIAL INFORMATION**

### **Estimated Service Charge and Reserve Fund Budget - All Sectors**

#### **Column A**

This represents a summary total of the estimated service charge budget produced for the past service charge year ended 31<sup>st</sup> March.

#### **Column B**

This represents a summary total of the estimated service charge budget produced for the new service charge year commencing 1<sup>st</sup> April.

#### **Column C**

The estimated estate costs excluding VAT. Estate costs are displayed exclusive of VAT as the tax payable by the commercial tenants should be recoverable by them. At the bottom of this page the estate costs are broken down into their respective schedules. The 'irrecoverable VAT' is added back into the Residential schedule as VAT is not recoverable by Residents.

#### **Column D**

The estimated Residential cost including VAT. These are the estimated costs payable solely by the Residential Lessees.

#### **Column E**

The estimated car park costs excluding VAT. Again, at the bottom of this schedule the irrecoverable VAT applying to the Residential units is displayed.

#### **Column F**

The shared Commercial costs excluding VAT. These are the estimated costs payable by the Commercial units for costs exclusively relating to them (as distinct from shared estate costs) such as the Club lift, a gardening contribution allocated to the hotel and refuse/recycling allocations.

### **Estimated Service Charge and Reserve Fund Budget - Residential**

#### **Column A**

The estimated Residential cost including VAT. These figures are the same as those displayed in Column D of the All Sectors cost table (above).

#### **Column B**

The proportion of the Residents' contribution towards the Estate Costs including VAT. The Residential Lessees contribute 56.2% towards the estate budget.

#### **Column C**

The total Residential estimated service charge for the year, including both the Residential block costs and the Estate costs, all inclusive of VAT. The total figure at the bottom of this column is the same total as the total figure displayed in Column D on the Estimated Service Charge and Reserve Fund Budget - All Sectors page.

### **Estimated Service Charge and Reserve Fund Budget - Car Park Total**

#### **Column A**

The car park total costs excluding VAT. The total figure includes the car park proportion of the estate charge, but not the VAT element.

#### **Column D**

The Residential car park total, being Column A x 72.51% (representing the residential share of the car park spaces) plus 20% VAT.

#### **Column E**

The public car park element of the car park costs comprising the pay & display spaces, car wash area and other landlord-owned spaces and commercial entities.

#### **Column F**

The hotel element of the car park costs, being its own section of 27 spaces.

#### **Column G**

The total car park costs inclusive of the Residential VAT element. The total figure ties in with the total figure at the base of the car park all sector summary sheet (Column E).

## Estimated Service Charge and Reserve Fund Budget - Car Park Residential

### Column A

As the car park costs have to be calculated, initially, exclusive of VAT, these figures represent the car park budget total exclusive of VAT.

### Column D

The Residential car park total, being Column A x 72.51% (representing the residential share of the car park spaces) plus 20% VAT.

### Column E

The Residential car parking proportion of the estimated estate service charges, excluding VAT. The Residential element of the car park contributes 13.4% towards the estate service charge.

### Column F

The estimated VAT element of the Residential car parking proportion of the estate service charge.

### Column G

Column E + Column F, giving the total sum of the Residential car park proportion of the estate service charge inclusive of the VAT.

### Column H

Column D + Column G. The total estimated costs inclusive of VAT payable by the Residents for the car parking area costs including all direct, estate and VAT. In the note underneath the cost per residential parking space is shown.

## Estimated Service Charge and Reserve Fund Budget - Commercial Shared Services

### Column A

The total estimated service charge for all commercial shared services. This figure excludes VAT as the VAT should be recoverable. These are the same figures as shown in Column F of the 'All Sectors' table.

### Column B

The total estimated service charge for the 'Commercial in Residential' units. These are the units that are integral to the main Residential buildings. For example, Café Brera, the dry cleaner, the offices and letting agency.

### Column C

The total estimated service charge for the Virgin Active Club.

### Column D

The total estimated service charge for the Westferry 1 Units. These include Royal China, Zizzi and Mala.

### Column E

The total estimated service charge for the Hotel.

### Column F

The total estimated service charge for the Car Wash.



*Parkgate Aspen Limited* March 2024