

Lawton Hall Management Limited

Budget July 1, 2023 – June 30, 2024

(Note: this document refers to the Budget presented as Appendix 1)

Issued: May 2023



Commentary on the Budget

Overview

We have an operating budget for regular maintenance of the Estate, and a reserve fund for large but infrequent expenditures for the *Estate's communal areas*. We have two operating and reserve funds for two different *common parts* of The Hall, as well as separate funds for the common parts of The Coach House, and The Stables, and a fund for communal electricity in The Gardens.

Operating Budget for the Estate's Communal Areas

By far the biggest part of your monthly fees goes to the Operating Account for the *Estate's communal areas*. Appendix I shows the complete budget, but a few items account for about 80% of the total budget. These significant items are discussed below.

1 **Grounds Maintenance**

Grounds Maintenance is by far our biggest single budget item for the Estate.

We are coming to the end of a three-year contract with Countrywide Grounds Maintenance. We are currently in the process of retendering this contract. We anticipate that the cost of this service is likely to increase, and so we have increased the budget for this area by 5% accordingly.

2 **Communal Electricity**

This is another significant budget item, but one over which we have limited control. Electricity prices have already increased significantly and are likely to continue to do so. Whilst it is not possible to accurately predict ongoing electricity costs, the budget for this area was increased in 2022-23 in anticipation of rising electricity costs. The budget for this area has been held at the level for 2022-23 in 2023-24.

3 **Day-to-Day Maintenance**

This reflects the need to repair items that have deteriorated over several years – such as sinking drains, uneven cobblestones, and damaged curbs.

4 **Tree Surgery & Woodland Maintenance**

Each year, we conduct a major inspection of the trees on the Estate, with our tree surgeons (currently Astra Tree Services Ltd). We undertake necessary work, on Astra's advice.

This is an unpredictable aspect of the budget, as the work required results from storm damage and disease of trees. Almost all of this work is subject to approval by the local authority due to the whole estate having a blanket Tree Preservation order, as do some individually identified trees. The timing of these approvals by the local authority can take several months.

5 **Accountant**

The accountant fees include preparation and filing of the Statutory Accounts to Companies House.

6 Insurances

Directors' indemnity insurance and public liability insurance are funded from the estate's operating budget. Directors' indemnity insurance has not increased, and public liability insurance is not expected to increase in 2023-24

Operating Budget and Reserve Fund for the Estate Communal Areas

Since the estate was established around 2003-4, work has been undertaken in a number of areas to repair, reinstate and on occasions improve elements of the estate's infrastructure.

There will always be an ongoing requirement for finance to be expended in this way to support this expenditure.

Day-to-day maintenance is funded through the operating budget for the communal areas and planned/unplanned maintenance through the estate wide reserve fund,

Planned maintenance over the last year has included completing the conversion of the estate's street lighting to LED, making good sections of the listed wall, and replacing the retaining fence on Lawton Hall Drive.

Unplanned expenditure has included removing fallen trees, repairs to the main gate, and repairs to drain covers. This will always be the case, and the reserves are maintained at a level where normal wear and tear can be accommodated.

Looking ahead, planned expenditure funded from reserves will be needed for the renewal of the cinder paths on the estate and repairs/maintenance of additional sections of the listed wall.

No other major areas of expenditure have been identified at the moment, but where any elements of rehabilitation are found to be required projects will be prioritised based on factors such as:

- The level of deterioration.
- Safety issues, both to people and the potential adverse impact on buildings.
- Aesthetics, and the adverse impact on both nearby residents and the entire estate.
- Equity, meaning all areas of the state receive an appropriate level of attention.

The Board feels that the Estate reserves are currently at a level where normal wear and tear can be accommodated. Consequently, the planned contribution to the Estate reserves for 2023-24 has been reduced to £5000.

Operating Budgets and Reserves for the Common Parts

Operating Budgets

The cost of the block buildings insurance for the Hall, Coach House and Stables increased significantly from 2021-22 to 2022-23, leading to a significant shortfall in these areas for 2022-23. The Board is enlisting the services of more than one insurance brokers in order to secure cover which fulfils the terms of the Lease at the most competitive price; however, we anticipate that the costs for 2023-24 are likely to be in line with those incurred for 2022-23. The operating budget for this insurance has been increased accordingly.

The electricity charges for residents in the Gardens have been adjusted to reflect whether or not their garage draws power from the communal electricity supply (rather than from the resident's house).

Reserve Fund

Historic levels of reserves were insufficient for the cyclical painting of the exterior of the Hall, Stables and Coach House to be completed from their respective area reserve funds. Additional contributions are now being raised and held in ringfenced funds for each of the Stables, Coach House and Hall to ensure that sufficient funds are available when the painting is next due to be completed.

Periodically, there is a need for repairs and renewals to be made which cannot be anticipated. In the past year, the need for complex repairs has been identified in the stonework of one of the Coach House properties. The cost of the repairs and scaffolding have been met by the Coachhouse reserve fund.

Similarly, the budget deficit arising from the significantly increased insurance costs for 2022-23 has been met from the reserve funds for the Hall, Stables and Coachhouse respectively. Contributions to the Reserve funds have been held at previous levels in order to ensure that there are sufficient funds to cover the cost of future remedial works.

Impact on Monthly Charges

The Estate charge has reduced following the reduction in planned contribution to the reserves.

The Service charges for residents of the Hall, Coachhouse and Stables have increased to account for increased insurance costs.

The electricity charges for residents in the Gardens have been adjusted to reflect whether or not their garage draws power from the communal electricity supply (rather than from the resident's house). Consequently there has been an increase in the Service charge for those residents whose garages are communally supplied, and a reduction for those residents whose garages are supplied from their own homes.

Concluding Comment

The Board strives to keep costs as low as reasonably practicable, and we believe we all continue to receive good value for our monthly contributions.

You will receive your Notice to Pay prior to 1st of June providing 30 days' notice of payment. The first payment being due the 1st July.