

Lawton Hall Management Limited

Budget July 1, 2021 – June 30, 2022

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

Issued: May 2021



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 communal areas*. We have two operating and reserve funds for two different *common parts* of The Hall, as well as separate funds for The Coach Houses, The Gardens, and The Stables.

Operating Budget for the Estate Communal Areas

By far the biggest part of your monthly fees goes to the Operating Account for the *Estate 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.

We are in the second year of a three year contract with Countrywide Grounds Maintenance. Fees for 2021-22 are frozen at previous levels, with an agreed 4% rise in the next year.

2 Communal Electricity

This is another significant budget item, but one over which we have limited control. The budget for this area has been increased by 20% to reflect increasing electricity costs over the past 12 months (due to rising electricity prices).

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 two major inspections 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

This cost was significantly reduced by the appointment of a local accountancy firm in 2019.

6 Insurance

The budget for this item has been increased to take account of the cost of public liability insurance.

7 Painting Funds

Current levels of reserves are 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 to be raised, and held in ringfenced funds for each of the Stables and Coach

House to ensure that sufficient funds are available when the painting is next due to be completed. Funds for the next painting of the Hall exterior are to be raised through separate invoices to Hall residents, which will be issued in the coming weeks.

Reserve Fund for the *Estate Communal Areas*

Since the estate was established around 2003, 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, and also to ensure elements of the lease agreements such as the repainting cycles of some of the communal areas, specifically the Hall Coach Houses and Stables, are fulfilled. Most of this work has been funded from reserve funds for the estate communal areas and some from the sinking funds accumulated for individual areas.

On occasions, essential repair and maintenance needs to be undertaken with regard to lighting, the entry gates, the roadway, the estate's plantings and trees. In general, this tends to be unplanned expenditure undertaken to resolve an issue such as fallen tree or a failed gate. This will always be the case, and the reserves are maintained at a level where normal wear and tear can be accommodated.

Over the past year, repairs to the ACO drains near the Gardens garages and the removal of a fallen tree from the culvert area have been paid for from the Estate Reserves.

During the next few months when life resumes some level of normality, the retaining fence at the junction of Liverpool Rd West and Lawton Hall Drive will be replaced, and further investigations will be made regarding necessary work to the gardens wall. This latter possibility has been apparent for some years and the Board will make further investigations during this year in an attempt to establish a programme of works.

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.

Operating Budgets for the *Common Parts*

There is one minor adjustment to the operating budget for the common parts for The Coach House to account for day to day maintenance costs. The operating budget for the common parts of the Hall (Hall 1) has been increased slightly to account for the cost of the maintenance contract for the garage gates. All areas have seen a 20% increase in the budget for communal electricity.

Reserve Fund for the *Common Parts*

Periodically, there is a need for repairs and renewals to be made which cannot be anticipated. Over the past year, there have been repairs made to The Hall chimney stacks and Stables roof, and the installation of new smoke detectors for Nos 4,8,9 the Hall, which were paid for from the respective Reserve funds. Contributions to the Gardens Reserves have been suspended. Contributions to the other 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 service charge has increased to account for increased in electricity and insurance costs. The service charges for residents of the Stables and Coach House have increased by approximately 14% due to contributions to the respective painting funds. Hall residents will be issued a separate invoice in respect of the external painting of the Hall.

Concluding Comment

The Board strives to keep costs as low as reasonably practical, 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.

**APPENDIX 1
Budget 2021 / 22**

| | | Budget 2020/21 | Budget 2021/22 | F'CAST Budget Breakdown (Year 2021/22) | | | | | | |
|---|---|-------------------|-------------------|--|---------------|--------------|--------------|----------------|--------------|---------------|
| | | (Year) | (Year) | Estate | Stables | Hall 1 | Hall 2 | Coach House | Gardens | Totals |
| | | Notes | | | | | | | | |
| GENERAL FUNDS (Maintenance) | | | | | | | | | | |
| Maintenance Costs | | | | | | | | | | |
| | | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Grounds maintenance | 1 | 16,500 | 16,500 | 27.5% | 16,500 | - | - | - | - | 16,500 |
| Communal electricity | 2 | 3,000 | 3,600 | 6.0% | 1,353 | 717 | 801 | 369 | 360 | 3,600 |
| Road and gully clearance | | 500 | 500 | 0.8% | 500 | - | - | - | - | 500 |
| Tree surgery | | 3,250 | 3,250 | 5.4% | 3,250 | - | - | - | - | 3,250 |
| Electrical repairs | | 1,050 | 1,050 | 1.7% | 1,050 | - | - | - | - | 1,050 |
| Day to day maintenance | 3 | 2,550 | 2,800 | 4.7% | 1,800 | 250 | 500 | - | 250 | 2,800 |
| Website | | 200 | 200 | 0.3% | 200 | - | - | - | - | 200 |
| Gutter Cleaning & Leaf Removals | | 1,100 | 1,100 | 1.8% | - | 400 | 400 | - | 300 | 1,100 |
| Electronic Gate maintenance | 4 | 1,040 | 1,100 | 1.8% | 692 | - | 408 | - | - | 1,100 |
| Boundaries and fencing repairs | | 1,000 | 1,000 | 1.7% | 1,000 | - | - | - | - | 1,000 |
| General and fire risk assessment | | 500 | 500 | 0.8% | - | - | 500 | - | - | 500 |
| Insurance (Buildings, Terrorism, P Liability) | 5 | 6,540 | 7,240 | 12.1% | 1,040 | 1,265 | 3,122 | - | 1,814 | 7,240 |
| Supplementary Gardening | | 1,000 | 1,000 | 1.7% | 1,000 | - | - | - | - | 1,000 |
| Directors & Officers Insurance | | 300 | 300 | 0.5% | 300 | - | - | - | - | 300 |
| Window & Communal Cleaning | | 1,010 | 1,010 | 1.7% | - | - | 650 | 360 | - | 1,010 |
| | | 39,340 | 41,150 | | 28,685 | 2,632 | 6,381 | 729 | 2,364 | 41,150 |
| Management and administration | | | | | | | | | | |
| Postage & stationary & administration | | 330 | 330 | 0.5% | 330 | - | - | - | - | 330 |
| Accounting Services | | 1,440 | 1,440 | 2.4% | 1,440 | - | - | - | - | 1,440 |
| Legal Fees | | 250 | 250 | 0.4% | 250 | - | - | - | - | 250 |
| Companies House Registration Fee | | 14 | 14 | 0.0% | 14 | - | - | - | - | 14 |
| Bank charges (net of int. rec'd) | | 100 | 100 | 0.2% | 100 | - | - | - | - | 100 |
| | | 2,134 | 2,134 | | 2,134 | | | | | 2,134 |
| Sub Total | | 41,474 | 43,284 | | 30,819 | 2,632 | 6,381 | 729 | 2,364 | 43,284 |
| Contribution to reserves | | | | | | | | | | |
| General Reserves | 6 | 15,008 | 14,570 | 24.3% | 9,538 | 1,075 | 2,907 | 150 | 900 | 14,570 |
| Painting Funds | 7 | 15,008 | 2,200 | 3.7% | | 1,100 | | | 1,100 | 2,200 |
| | | 15,008 | 16,770 | | 9,538 | 2,175 | 2,907 | 150 | 2,000 | 16,770 |
| Total Service Charge | | 56,482 | 60,054 | 100.0% | 40,356 | 4,807 | 9,288 | 879 | 4,364 | 60,054 |

Budget Notes

| | | |
|---|-----------------------------|---|
| 1 | Grounds Maintenance | A three year contract extension has been negotiated with the existing provider. There is no price increase for 2020-21 or 2021-22, and the price will increase by 4% for 2022-23. |
| 2 | Communal Electricity | Electricity price increases have led to a budget shortfall of approximately 20% for 2020-21 - the budget for electricity has been adjusted accordingly. |
| 3 | Day to Day Maintenance | The budget for the Coach House area has been increased from £0 to £250 per year. |
| 4 | Electronic Gate Maintenance | The budget for this area has been increased for the Hall to more accurately reflect the cost of the maintenance contract for the garage gates. |
| 5 | Insurances | The budget for this area has been increased to account for the inclusion of public liability insurance. |
| 6 | General Reserves | There is no need to maintain a reserve fund for the Gardens area. Consequently, the contributions have been removed for this area, and the existing reserves will be redistributed to the gardens residents. |
| 7 | Painting Funds | Additional contributions will be collected from 2021-22 onwards to build a fund for the painting of the exterior of the Stables and Coach House respectively. Further details are presented in the budget commentary. Funds for painting of the Hall will be raised by means of a separate invoice in the coming weeks. |