

December 2023
Our Ref: 718/SCBudget2024

Dear Lessee,

HORACE, EUSTACE, OSWALD, CENTURION AND HOWARD BUILDINGS, CHELSEA BRIDGE WHARF, FAIRHOLD ARTEMIS LTD - SERVICE CHARGES FOR THE YEAR ENDING 31ST DECEMBER 2024.

Please find enclosed a copy of the service charge estimate for the year ending 31 December 2024.

Your service charge demand for the charges due 1 January 2024, covering the period ending 30 June 2024, has been issued by your chosen communication method. This comes complete with a service charge analysis showing the breakdown of your full annual charge and a summary of your rights and obligations.

As it was in 2023, the 2024 service charge budget has been prepared with consideration for the macroeconomic situation and the need to demonstrate value for money to leaseholders by mitigating inflationary cost pressures wherever possible.

We have sought to avoid adding additional costs or services where they are not absolutely necessary. However, there is one area where cost increases have occurred which fall outside our control. This relates to new legislative requirements under the Building Safety Act. These additional costs offset many of the savings that have been made through reduced electricity contract costs. We explain both issues in more detail below.

Building Safety Act – New Legislative requirements:

In accordance with the Building Safety Act which came into effect in 2022, there are important implications on how buildings are managed.

The Act places an obligation on the Principle Accountable Person (PAP) to ensure the building occupants are safe in the event of a fire and/or structural incident, and Rendall and Rittner has been given the responsibility of discharging those duties for Chelsea Bridge Wharf.

Detailed within the service charge budget are the Building Safety Act fees and associated costs which apply to all buildings at Chelsea Bridge Wharf that are over 18m in height.

The fixed fee charged by Rendall and Rittner for discharging those responsibilities is provided in the Service Charge Estimate under Professional Fees, and a breakdown of costs per block for complying with the Building Safety Act is provided within the budget under a new Building Safety Act cost heading. There are certain one off or infrequent costs relating to the registration

of buildings or creation of the safety case which mean that year 1 costs may be higher than subsequent years. These costs are split based on the registration of the building with the Building Safety Regulator, which in this case is per building, meaning all costs are split by the number of apartments within the relevant block.

The "Safety Case" is the underlying information which we need to gather as evidence about the safety of the building. The Safety Case report will draw this information all together into a single document and assess the overall risk, as well as identifying any measures that need to be taken to improve safety routines. Rendall and Rittner will commission and co-ordinate the production of the Safety Case using an external independent specialist company.

Included within this budget is a fee for the Building Safety Regulator (BSR) to review the Safety Case. At this stage, we know that the BSR fees are £144 per hour but not how long review will take. We have budgeted for up to 72 hours. It is also unknown at this stage how soon the BSR will review the buildings at Chelsea Bridge Wharf, and so the fee has been included for 2024, but may not fall within the year, in which case this will show as unspent in the end of year accounts.

Electricity

Following on from last year's increased market volatility and the subsequent dramatic rises in utility costs, you may be aware that the market has settled significantly over the last few months. As a result of the market conditions, our recent retendering of the utility contracts at Chelsea Bridge Wharf has resulted in significant reductions in the contracted rates, with varying reductions up to 60%. The previous contracts presented unit costs in the region of 80p/kWh, with the new contracts being in the region of 27p/kWh.

In contrast to the unit rate reductions, there have been industry changes to the standing charges, resulting in increases. Previously, Transmission Charges, which are the costs of getting power to the end user, were more heavily weighted to, and incorporated within the unit price of power. OFGEM has moved more of these costs into the Standing Charges as part of their Targeted Charging Review.

However, the overall position following these changes means a significant reduction in the electricity costs for the development for 2024. This saving has made a significant impact in offsetting some of the unavoidable Building Safety Costs applied this year.

Budget Guidance Notes

Estate Schedule - Overall 3.95% reduction.

Key variances include:

- **Electricity – 49% reduction**

As explained above

- **Summer Security – 53% reduction**

Following a review of the development's requirements in this area, including feedback from the local Police and from the CBW Residents Association's security trial in December 2022-January 2023, it was concluded that there is limited need for dedicated security guards. As such, we have reduced to the provision to allow for ad-hoc security personnel for specific events/issues only.

- **External cleaning – 79% reduction**

To reduce costs, more work is being carried out by the onsite team rather than using external cleaning companies. A cleaning schedule is being drawn up and further details on the schedule will be provided to all residents in due course.

- **Cleaning materials and bulbs – 55% reduction**

This is based around a review of current year expenditure which has fallen, partly due to the upgrades to LED lighting across the Estate meaning far less repairs/replacements are required.

- **Community Events - 72% reduction**

We have removed the CBW Resident Association's requested addition of £13,000 from 2023, as no events were proposed, and it has been agreed that the money is better spend elsewhere.

- **Engineering Insurance – 22% reduction**

As a result of the Landlord's tendering process.

- **Drainage – 4% reduction**

We have been able to negotiate a reduction of 10% for the renewed contract. A healthy contingency level has been retained to allow for further deep cleaning, and call outs for removal of items such as rags and cooking fat disposed of through toilets and sinks. We urge all leaseholders help reduce these occurrences by changing practices or speaking to any tenants.

- **Plant Maintenance & Repairs – 20% reduction**

This follows a review of the contract position and moving to direct contractors at lower rates.

- **Refuse & Recycling – 95% reduction**

Costs for removing bulk refuse has been removed from the Estate costs and included in block schedules based on block square footage. This is due to the fact this issue is a residential issue rather than commercial.

We urge all leaseholders to ensure bulk refuse is disposed of correctly, especially if you rent out your property as this is a significant drain on onsite staff time and your service charges.

- **Water Features – 28% reduction**

Following the installation of the new fountain pumps, we have reduced the contingency element to this heading as requirements will be reduced because of the works carried out this year.

- **Public Liability Insurance – 36% reduction**

As a result of the Landlord's tendering process.

- **Staff Wages – 11% increase**

This relates to an inflationary uplift in salaries and an additional role which will combine compliance testing and maintenance work, further reducing the need for external contractors.

- **Staff Uniform, training and recruitment – 37% increase**

Training requirements have increased with 80% of the costs relating to mandatory refresher courses and 20% are new development courses, mainly for the management team to ensure best practice on areas such as Employee Relations, Recruitment and Mental Health. The focus is to support the development of managers to demonstrate the appropriate skills to support individuals, teams and the service we deliver.

Recruitment provision has been increased to cover the replacement of the Estate Manager who has resigned, as highlighted in our portal posting on 3rd November 2023.

- **CCTV and access control – 3% increase**

Following the installation of the new CCTV system, a maintenance contract is now in place which wasn't required in 2023, resulting in the increase.

- **Port of London Authority Cost - 85% increase**

This includes 3 cost elements from the Port of London Authority, being the outfall pipe maintenance, walkway/steel pile costs and sensors for the storm outfall. Also included in this heading is prescribed costs from the Crown Estate relating to the footbridge over the river, which form part of the development's liability.

Block Schedules

The main variance in the block schedules relates to the electricity reductions and Building Safety Act costs, which have been explained above. Other key variances include:

Buildings Insurance:

This is based on the prior year costs with an uplift of 7% in the absence of actual premium figures at the time of writing. This does however reflect a 10% reduction from 2023 budget figures.

Window cleaning:

A retender of the window cleaning and safety system/eye bolt testing has been carried out following feedback from residents over the course of the year. As a result, Aquamark will be replaced by Eco Kleen from January 2024 for both elements. Their tender showed a total 16% saving across all elements against Aquamark's retendered cost. They will also be carrying out a deep clean of the cladding for those buildings without new cladding panels in the Spring.

Plant Maintenance & Repairs:

This heading has been reduced by circa 20% following a review of the contract position and moving to direct contractors at lower rates.

Refuse and Recycling:

This has been moved from the Estate costs as referred to above and allocated based on block square footage.

Major Works Projects

We are expecting to carry out the LED lighting upgrades to Horace, Eustace, Oswald and Howard buildings in the first quarter of 2024 following the completion of the Section 20 Consultation process.

We are acutely aware of the desire to complete additional internal works, such as carpets replacements, lift refurbishments and decorations. These are restricted due to current reserve fund levels and the need to retain reasonable annual service charge levels. To aid this position without increasing service charges, we have transferred a proportion of the Block reserve collections into the Internal Block reserve collection within the 2024 budget.

Service Charge Payment can be made in the following ways:

Bank: Bank of Scotland Sort Code: 80-26-99

A/c No: 06980028

A/c Name: Rendall & Rittner Limited Client Receipts Account

Bank details to pay from an overseas Bank

Send to: Bank of Scotland Sort Code: 80-26-99

A/c No: 06980028

A/c Name: Rendall & Rittner Limited Client Receipts Account

IBAN GB65 BOFS 8026 9906 9800 28

SWIFT / BIC Code: BOFSGB21282


Please ensure that your tenant reference is also quoted on all payments so this can be allocated to your account. Your tenant reference is located on your demand underneath your name and address (e.g., ABCDE001)

Direct Debit

Should you wish to set up a Direct Debit for 2 half-yearly payments, please contact directdebit@rendallandrittner.co.uk

We look forward to receiving your payment at your earliest convenience.

Yours sincerely



**John Osborn MIRPM AssocRICS
Property Team Manager
Rendall and Rittner Limited**

**For and on behalf of Fairhold Artemis Limited
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