

## 1. Cost of Gas and Electricity

The Extraordinary Meeting of Nether Edge Management Company of 22 November 2022 discussed the significant rises in the cost of electricity and gas. The following decisions were taken at the meeting to help mitigate the rising cost of energy.

- a) 2023 reserve contribution reduced to nil (£23,000)
- b) Transfer from reserves to offset rising electricity costs (£10,000)
- c) Reduce opening times (£2,800)
- d) Reduce the number of manned hours in the Leisure Centre (£5,600)
- e) Close the Sauna 4 days per week – annual savings (£10,000)
- f) Close the Spa – annual savings (£16,000)

## 2. Insurance renewal 01 January 2023

During November 2023 a market review was undertaken by the board. Following this review, the board have taken the decision to change insurance broker to P B Curran Insurance Brokers from 1 January 2023. The main property policy will remain with current insurer Aviva. Premiums across all policies for 2022 have increased again this year due to both a 10% increase being applied to the declared values for the buildings and general inflationary pressures.

Details of the policies will also be uploaded on the website in early January 2023.

## 3. Service Charge calculation 2023

The 12 months Consumer Price Index to October 2022 is currently 11.1%.

Each year, a budget is drawn up for the Estate, Leisure Suite, and Apartment Blocks. These aim to capture the regular, recurring costs of running the development, they may also include planned, known costs such as a roof repair. The starting point is the previous year's budget and current year spend. Service Charge increases are aligned with the actual budget required to meet the challenges of an aging estate such as major repairs and general good maintenance.

The costs for each block vary and these costs are shared between the residents of that block. The costs for the Estate & Leisure Suite are shared by all dwelling holders. The Budget is used to determine the Service Charges required of each dwelling and comprises of 3 factors:

### 1 - Estate Charge

Each dwelling pays a 'Room Charge' multiplied by the number of Habitable Rooms for that Dwelling.

The room charge is the total budget for the Communal, management and administration and the Leisure Suite divided between the total number of Habitable Rooms on the estate (635).

Habitable Rooms are those other than kitchens, bathrooms, toilets, utility rooms, etc. i.e. bedrooms, living and dining rooms. For the calculation of service charges, the maximum number of Habitable Rooms for any given property is 4.

The room charge for 2023 is £451.77 (2022 – £386.91, 2021 - £365.30, 2020 - £327.76).

### 2 - Insurance

The Insurance charge for each dwelling is based on the number of square feet per Dwelling.

The charge per square foot in 2022 is c.£0.24 (2022 = £0.22, 2021 = £0.1994, 2020 = £0.1662)) is calculated by dividing the total insurance budget by the total number of square feet on the estate (238,490).

### 3 - Block Charge

The Block Charge is the budget for each Block equally divided between the number of dwellings in that block. The exceptions are Alexandra and Sheaf 3 as some of the dwellings in these blocks have communal space and others don't, there is one budget only for the former, and a second budget for all dwellings, which covers things such as the roof.

Details of increases/decrease in the 2023 day to day expenditure is shown at the end of this document.

#### **4. Reserves (Estates, Leisure Centre, and Block)**

In addition to the budgeted annual costs, a contribution is made to Reserves for the Estate, Leisure Suite, and Blocks. See Appendix I for a summary of changes to block reserves contribution.

Estate and Leisure Centre reserve contribution in 2023 is nil as these funds are being diverted for 2023 only to support the increased cost of energy. Anticipated Estate and Leisure Centre reserve spend in 2023 is detailed at Appendix II.

#### **5. Transfer fee fund**

£29,959 (estimate) will be transferred to estate reserves on 31.12.22 in respect of transfer fee monies earned from property transactions in 2022.

Total estate reserves (excluding Leisure Centre reserves and block reserves) and including 2023 transfer fee fund of £29,959 are expected to be £163,655 at 31.12.22. Of these estate reserves, £117,600 is cumulative transfer fund monies and £46,055 is PPM monies.

#### **6. Budget 2023 detail:**

##### **Estate Management**

**Staff salaries:** The budget has been increased to reflect the hourly pay rate increases in line with the real living wage increase from April 2023 for hourly paid staff, and an increase of 5% in line with November 2022 average annual wage inflation for other staff. Overall costs have decreased as compared to 2022 due to anticipated savings associated with reduced opening hours / manned reception hours.

**Gardens/Ground Maintenance:** see garden plan.

**Security CCTV:** A comprehensive review and renewal has taken place during 2022, resulting in an increase in the quantity and quality of CCTV coverage. Budget costs have increased accordingly and are slightly offset by reduction in IT costs.

**Electricity** – see comments above.

**Office telephone** – Investment in IT system to permit multiple telephone lines (previously one line only).

##### **Leisure Centre**

**Utility charges – Leisure Centre:** The price of gas has increased to 17.5p per kWh (2022- 2.3p). The budget includes an allowance for the government support which is due to end 31.03.23. The price of electricity has increased to 65.3p per kWh (2022 -27.8p). The budget includes an allowance for the government support which is due to end 31.03.23. An adjustment has also been made to cover £10,000 reserve transfer and sauna and spa saving agreed at the EGM of 22.11.22.

**Water charges** – increase in water usage following change of back wash protocols. To be reviewed again in early 2023.

**Leisure Centre entry system/resident and owner database:** During late 2022 significant investment was made in a new Paxton entry software system/database. This will be rolled out in early 2023.

**Air Handling Maintenance and repairs** – Annual service contracts signed for Air Handling Calorex and Air Conditioning.

**Pool Chemicals** – Significant inflationary pressures, particularly Chlorine.

##### **Blocks**

**Utility charges – Communal Areas:** All blocks except for Sheaf 1 areas are covered by a 4-year fixed term contract which expires May 2026. Sheaf 1 electricity supply is shared with the Leisure Centre – contract renewal January 2023. See comments above.

**Cleaning – Communal Areas:** The national living wage increases from £9.50 to £10.42 in April 2023. Cleaning contract budgets have been increased accordingly.

## Appendix I

### Blocks – reserves contribution 2023:

**Alexandra Apartments** – increase of £100 compared to 2022.

**Cliffe** – increase of £100 compared to 2022.

**Edward** - increase of £600 compared to 2022. Anticipated 2023 spend include communal area redecoration, roof pull test and communal area lighting sensors.

**Kingswood** -increase of £1,100 compared to 2022. Anticipated 2023 spend includes roof and lighting reviews.

**Muxlow** – decrease of £500 compared to 2022. Anticipated 2023 spend includes communal area redecoration and roof works.

**Peveril** - increase of £550 compared to 2022. Anticipated 2023 spend roof works and communal area redecoration.

**Alexandra Building** - decrease of £1,600 compared to 2022. Anticipated 2023 spend includes repointing works.

**Sheaf 3 Building** - decrease of £3,000 compared to 2022. No anticipated 2023 spend.

**Sheaf 1** - increase of £2,100 compared to 2022. Anticipated 2023 spend include minor repointing and window mastic work.

**Sheaf 2** - decrease of £3,900 compared to 2022. Anticipated 2023 spend includes communal area redecoration.

**Sheaf 3 Apartments** - increase of £100 compared to 2022. Anticipated 2023 spend includes communal area redecoration.

**Victoria** – in line with 2022 budget. Anticipated 2023 spend includes roof review and potential degradation repairs.

**Appendix II**

**Leisure Centre reserves anticipated spend 2023**

Contribution to roof £6,800

Other miscellaneous £1,390

**Estates reserves anticipated spend 2023**

Other miscellaneous £2,100

Bollards £2,250

Bin Stores £1,000

Garden and Tree work £13,924

**NEMC Board  
December 2022**