



Team
east village
london E20

**Service Charge
Year- End Accounts
Summary notes:**

**Period:-
1 Apr 2019 - 31 Mar 2020**

Plot, Block and Car Park

Date of Issue: December 2020



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london E20**

SUMMARY

This summary has been produced by Savills to accompany the certified service charge accounts for the Plot/Block/Car Park expenditure relating to the 11 original "Village Plots" at East Village for financial year 2019/20. It provides a broad overview and highlights material variances against the budgets for the year.

The overall expenditure totalling £6,728,842 was under budget by £68,526 which equates to 1.02% of the total budgeted expenditure for the year. As planned, £1.462 Million was collected towards the reserve fund and is included in the above figures.

Whilst, overall there was a surplus, this outturn as in previous years was not consistent between the plots. There were deficits reflected in the accounts for 4 of the plots (N02, N04, N07 and N09) with the remaining 7 having a surplus.

The areas in which there were either significant variances against budget or which require some explanation are as follows:

Staff costs – Expenditure at £1,454,486 was 7.37% under-budget. The main reason for this variance was the addition of N08 to the managed scheme as this new plot picks up a proportionate element of management staff (and office) costs.

The cost of the Community Engagement staff was significantly under-budget as some staff members left during the year and were not replaced immediately pending discussions on the future structure of the service. Recruitment costs were approximately double the figure budgeted as we can no longer rely on Newham Workplace to find suitable candidates due to their declining performance and there is therefore now a greater reliance on agencies.

Site Management Facilities & Equipment – Expenditure at £117,769 was 28.63% under-budget. This was primarily due to the addition of N08 as mentioned above. There were also significant savings on office supplies, IT and mobile phone costs,

Utilities – Expenditure at £786,162 was 18.5% below budget and virtually unchanged from last year. The savings were primarily due to better than expected renewal terms for electricity, negotiated by EVML's brokers. There were also savings in the cost of heating to the lobby areas.

Contracts, Maintenance and Services – Expenditure at £1,530,524 exceeded the budget by 28.47%. This category of expenditure covers a wide range of contracts and services. The key variations were:-

Landscaping: - There was an under-provision of c. £18,000 in respect of the work required to renew the planted areas in the plot courtyards. This was required due to the heavy usage of these areas, particularly by children, which takes its toll on the plants, shrubs and turf. A more realistic provision will be made in future years.

Windows & Balcony doors: - The budgeted expenditure of £80,000 was exceeded by c.£171,000 due to the need for a very significant increase in the volume of window maintenance and repairs during the year. This was partly due to the growing volume of work required and partly due to a backlog of maintenance that had built up in the previous year. The volume of callouts increased significantly and coupled with that the opportunity to recover costs from the leaseholders (due to misuse of the windows and balcony doors) reduced as problems were found to be increasingly due to age, wear and tear. The EVMML team is working with the Savills Building & Project Consultancy team to review the whole approach to window maintenance and to re-tender the contracts with a view to streamlining the processes and improving cost effectiveness. There are also plans to fit window restrictors to improve safety and reduce wear and tear and hence the volume of repairs, over time.

Access and intercom systems – The budgeted expenditure of £18,454 was exceeded by £11,415. This was due to an under-provision in the budget which did not reflect the level of repairs and callouts that this aging system now requires.

CCTV contract – As above, the budget sum of £17,366 was also inadequate and expenditure of £26,678 was incurred. The CCTV systems are now approaching the end of their economic life and proposals for a CCTV upgrade are being considered.

Smoke extract system – An allowance of £30,000 had been included in the budget for routine repair and maintenance with the intention that the anticipated major expenditure on replacements (mostly of actuators) would be met from reserves. However, due to savings elsewhere it proved possible to meet the full £135,215 of costs incurred under this heading from the day to day budget. The maintenance contractors have recommended that EVMML explore the possibility of replacing the system as it is nearing the end of its life-span. EVMML have engaged the Technical Team at Savills to assist and this is being looked at as part of the Long-Term Asset Replacement survey being prepared by Savills.

Waste Costs - We were able to claim £25,000 from our insurers (the maximum sum covered by the policy) for “fly tipping”, in respect of waste that had been dumped outside buildings. The total excess cost of removing bulky waste from the Village for the period was c£53,100, considerably more than the £20,000 that had been budgeted. Whilst residents are encouraged to take rubbish to the local recycling centre or to arrange collection by the local council or a specialist waste carrier, items of furniture and bulky waste are often found dumped outside of buildings or in the refuse stores. It is very difficult to identify individual residents responsible but where we are able to then the costs of removal are recharged. The EVML team are investigating alternative means of disposal including charities that are willing to collect and recycle certain items of furniture and cheaper methods of removal from site.

Insurance - Expenditure at £1.025 Million was c2.55% below budget. The budget had been based on an estimate prepared by the brokers some 6 months prior to renewal. There were some small economies of scale due to the addition of N08 to the insured scheme.

Professional fees – Expenditure was broadly on target with some small unused provisions for legal and accountancy fees.

Reserves – The budgeted contribution of £1.462 Million towards reserves was transferred, in full to the respective reserve accounts during the course of the year. The main expense met from reserves this year was the cost of the lift lighting renewal project to all blocks at £119,945.

NB:- Whilst there was no specific provision made in the 2019/20 budgets in relation to external walling systems (cladding), some expenditure was incurred during the year and this will be the subject of a separate summary document in due course.
