
SERVICE CHARGE BUDGET REPORT

LENDLEASE (ELEPHANT & CASTLE) LIMITED

ELEPHANT PARK

SERVICE CHARGE YEAR: 01/JUL/22 TO 30/JUN/23

REPORT DATE: 12/DEC/22



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Executive Summary

This budget has been produced by Savills on behalf of Lendlease (Elephant & Castle) Limited (the "Landlord"), the landlord of Elephant Park and relates to the estate service charge for the period 01/07/2022 to 30/06/2023. This report has been produced in accordance with RICS Professional Statement: Service charges in commercial property, 1st edition September 2018 and Savills Management Policies and Procedures which are set out in Appendix 1.

In setting the estate service charge budget for the year, we have taken into consideration the level of service and maintenance required to provide occupiers with a suitable & measured provision in order to reflect the requirements of the wider estate. This encompasses enhanced focus on the common areas to ensure they are well maintained, and expenditure required to address any unexpected reactive repairs as well as budgeted & anticipated expenditure for the year.

With agreement of the Landlord the service charge budget has been separated into two allocations to cover the course of the budget year. The reason for these allocations is due to additional elements and phases coming onboard throughout the budget period. During the Year End 2023 budget, the first phase of Master Plan (MP) phase 4 (H11A) is due to complete, which consists of 161,896 sqft of residential space and 11,490 sqft of retail space. Further detail on plot contributions to service charge is available in the apportionment schedule. The dates used to create these allocations are based on the most recent completion dates available at the time of producing this budget. The budget has been split into these allocations to ensure occupiers are only paying for the services they are receiving at any specific time. As and when further phases of the development complete, these phases will start to contribute towards the service charge.

We have created two separate schedules to show Elephant Park service charge: charges allocated to the Estate and charges allocated to our central park ("The Park"). Where costs refer to the whole estate, these have been apportioned to either the Estate or Park based on the percentage size of those areas unless specified otherwise.

Allocation Summary			Schedule Apportionment (Area and %)		
Name	From Date	To Date	Estate Area (sqm)	Park Area (sqm)	Areas Included
Allocation 1	1st July 2022	30th September 2022	18,090 (64.52%)	9,948 (35.48%)	Areas around MP1 (South Gardens), MP2 (West Grove), MP3 (Park Central East & West) and Park Phases 1 and 2.
Allocation 2	1st October 2022	30th June 2023	19,823 (66.58%)	9,948 (33.42%)	Areas around MP1 (South Gardens), MP2 (West Grove), MP3 (Park Central East & West), MP4 (H11A) and Park Phases 1 and 2.

There is also the introduction of a third schedule for the Year Ending 2023, which is called 'Treehouse' and covers the operation, repair and maintenance of the Treehouse located within the Park. The Landlord has agreed to contribute to the costs associated with running the Treehouse in Year 1 and these will be paid for in full by the Landlord (minus areas that currently serve the estate). This is to ensure the Treehouse is well integrated into the estate and the local community and so that the income produced from hiring the space is able to cover the associated costs before reviewing the recovery of these costs. The Landlord will review this at the end of the financial year and it will be at the Landlords discretion as how to recover the costs associated with the Treehouse. It should be noted that if the decision is taken to recover costs via the service charge that any income produced from hiring the space will also be credited to the service charge to offset costs. For transparency we have included the Year 1 costs associated with running the Treehouse.

Please note the apportionment of charges is calculated at the Landlords discretion.

We have also agreed with the Landlord that the costs of providing staff and the associated costs for site management and the Park are to be apportioned based on the area percentage of the occupied plots compared to the total plot area forecast for the completed development. The percentage of this apportionment in Allocation 1 is 55.04% and will rise to 61.85% in Allocation 2.

This method of apportionment has resulted previously in a shortfall between the cost of services and the amount recovered under the service charge. This difference was paid for by the Landlord but not shown within the service charge apportionment schedule issued to tenants. For the Year End 2023 we have amended the way this is shown so that the budget is more transparent for you as occupiers. The Landlord contributions are now included within

the apportionment schedule, which is appended to this pack, and from this you will see the landlord contribution towards Schedule 1 and 2 is £328,340 exclusive of VAT.

The Landlord is contributing to costs totalling £73,143 exclusive of VAT in relation to the Treehouse for the Year ending 2023.

The Sayer Street Central Meanwhile Use is funded by the Landlord and no costs associated with the management of this area are recovered via the service charge.

Please note that the present Landlord apportionment includes plot H1 which does not yet have planning permission. The current proposal is for 491,000 sq. ft. for a commercial office building. If planning is subject to change in design and should the area for H1 increase or decrease this will have a direct effect on the H1 contribution towards the current Lendlease voids and post Practical Completion, the ongoing estate service charge. Lendlease's total void contribution is £328,340 exclusive of VAT and excluding the Meanwhile Use and Tree House year 1 contributions.

Key Points

Annual Recoverable Expenditure is budgeted at £1,745,294 inclusive of VAT.

The headline per square foot cost of the budget this year has increased to £1.13 from £0.97, which is representative of a 15.33% increase on a per square foot basis for the existing plots.

The main increases YoY are associated with the following cost codes:

Staff Costs - As the development has grown in size so has the need for additional resource onsite to maintain the standards of management. Within the YE23 budget, we have made provision for a number of additional roles. These roles are a Permit Manager, Finance Assistant and Facilities Management support. The costs associated with these individuals is not wholly recoverable via the estate and is in part recoverable via specific plot budgets. Please refer to notes below for further detail.



Rent - The costs associated with operating the Estate Management Office have increased year on year. This is due to increased costs associated with servicing and operating the space as well as an increase in rent due. Due to the site team also increasing, we have a requirement for further space compared to last year, which also results in higher associated costs. Savills alongside the Landlord will continue to review these costs to ensure maximum operational efficiency.

General service agreements have increased in value due to the London Living Wage rise. The London Living Wage is due to increase to £11.95 per hour from £11.05 per hour, which has seen all contract costs increase.

For further explanatory notes on each specific cost category, please refer to the explanatory notes section within the budget pack.

Management Team

Savills Management Team comprises of:

Name	Photo	Role	Tel. No	Email Address
Luke Austen		Associate Surveyor	- 07817086241	luke.austen@savills.com
Luke Butler		Estate Manager	07977157751	Luke.butler@savillspm.co.uk
Mauricio Diaz Santos		Retail Operations Manager	07971236535	Mauricio.diazsantos@savillspm.co.uk

This report has been produced by Luke Austen and Luke Butler.

The Director with overall control for Savills instruction is Craig Bluer.

If you wish to raise any queries or require clarification of any costs detailed, please contact your building manager in the first instance or your Property Manager, Ruth Perry; ruth.perry@savillspm.co.uk

Service charge budget accounting principles and policies

Set out below are the accounting policies under which the budget has been prepared

Banking

All service charge funds held by Savills are in a dedicated client account administered at Property level, with interest earned credited to the service charge account minus any administration costs.

Total Cost of Management

Management fee

Savills were appointed as managing agents on this property on the 14th October 2022 and the managing agreement relates solely to Elephant Park.

The management fee is a fixed fee

A separate fee has been agreed with the landlord for any duties performed in relation to non-service charge matters.

Regional facility manager (RFM) fees

Provision for an RFM has been allowed in the budget to assist the Estate Team with operational issues.

On site management

Any separate administration fees made in relation to human resources costs and payroll costs associated with dealing with on-site staff are separately identified in the service charge budget where applicable.

The notes to the budget include a summary of all fees charged by the managing agent

Insurance Claims

Income in respect of insurance claims is recognised in the accounting period where confirmation has been received from the insurers that the claim will be settled. The associated costs of the claim are charged to the service charge in the period in which the costs are incurred.

Empty Units and concessions granted to tenants

Service charge costs are apportioned on a daily basis and for the avoidance of doubt it is confirmed that the landlord bears an appropriate proportion of the service charge expenditure in respect of voids and vacant premises.

Likewise if a tenant has any form of concession, whereby their contribution to the service charge is capped or is lower than the apportionment due, the landlord pays the difference.

Sinking fund/reserve fund

A reserve fund has been established to provide funds to meet the costs of future maintenance & repair works required across the estate. Contributions are paid to the reserve fund are currently based on an estimated nominal figure. A Planned Maintenance Program is budgeted for in the service charge, which will be used to dictate contributions moving forward. Interest is credited gross of UK tax.

The reserve funds are held in an account at Lloyds Bank in a dedicated client account administered at property level. Bank interest is charged to this account. Interest is credited gross of UK tax.

Landlord forward funding

There are no landlord funded works in the service charge budget

Depreciation charges

There is no depreciation charge in the service charge budget

Agreed contributions to future works

The service charge budget does not include contributions to future works.

Commercialisation

This property has no commercialisation income.

Budget summary

Set out below is the budget summary for the year by service charge category

Budget Summary for LLE001 - EP Estate Service Charge Budget			
For The Period 01/07/2022 - 30/06/2023			
Lendlease (Elephant & Castle) Limited			
Property type - Mixed Use Estate			
Service Charge Category	YE 2023 Budget	YE 2022 Budget	% of Budget
Management	483,050	241,799	21.71%
Utilities	48,595	36,883	2.18%
Soft Services	1,503,345	1,215,245	67.57%
Hard Services	144,874	90,273	6.51%
Income	- 13,441	- 1,200	-0.60%
Insurance	22,677	17,211	1.02%
Exceptional Expenditure	35,766	27,079	1.61%
Total	2,224,866	1,627,290	100%

Appendix 2 sets out the detailed budget at cost description level.

Service charge allocation and apportionment

Service charge allocation- schedules

Costs are allocated to separate schedules and the costs apportioned to those who benefit from those services as follows:

The schedules represent the following:

Service charge schedules			
Schedule	Schedule Name	Schedule Description	Basis Of Apportionment
1	Estate	Costs associated with managing the Estate gardens and streets.	As referenced on page 2 costs are allocated to two separated schedules and the costs apportioned between the estate and park
2	Park	Costs associated with managing the Park area.	As referenced on page 2 costs are allocated to two separated schedules and the costs apportioned between the estate and park
3	Pavilion	Costs associated with managing the Pavilion located within the park	As per notes in the executive summary costs associated with the Pavilion are covered by the Landlord for the YE23.

Service charge – Apportionment

Where services are delivered across both the Estate and the Park these are apportioned based on the proportion of the total existing Estate and Park area combined. The split is 64.52% estate and 35.48% park.

Costs are apportioned on a floor area basis.

Appendix 3 of this report provides an apportionment schedule for Elephant Park which shows the basis of calculation and the total apportionment for Elephant Park.

Notes to the budget

Variances

The total expenditure for the forthcoming year associated with Schedules 1 and 2 is £1,782,752. In understanding the budgeted amounts, we would draw your attention to the following explanatory notes:

Management						
Management Fees:	2023	£107,121.89	2022	£112,725.55	Variance	-4.97%
The fees for managing and administering services through the course of the year have decreased due to Savills obtaining management of the wider Elephant Park instruction, which has resulted in the fees associated with the Estate reducing from the previous year and fee structure.						
Accounting Fees						
Independent Accountant's Fees	2023	£4,400.00	2022	£3,312.00	Variance	32.85%
Independent accountant's fees to review and certify the year-end service charge accounts. These have increased due to inflationary pressures and also due to the service charge budget being split into allocations.						
Site Management Resources						
Staff Costs	2023	£169,083.88	2022	£74,008.82	Variance	128.46%
Costs under this heading are for the site based team who will deal with any day to day issues which arise, together with ensuring that the contracts in place are being adhered to and that we are complying with Health and Safety matters. During Allocation 1 the budget cost allows for the Estate Manager 5 days per week and a Regional Facilities Manager 2 days per week. From Allocation 2 onwards, additional budget capacity has been added for the recruitment of a Finance Assistant and a Permit Manager. The new positions will work across the Estate and Building instructions and therefore the associated costs have also been split across budgets.						
Site accommodation (rent, service charge & rates)	2023	£51,935.77	2022	£12,367.15	Variance	319.95%
This cost centre includes costs for rent, service charge and rates associated with the site-management accommodation. These costs have increased due to a large increase in the service charge associated with the Estate Management Office. Previously the Estate Management Office was being operated on a skeleton budget that was not sustainable in the long term. The budgeted figure this year is based on a steady state budget. The rental figure has also increased from what was budgeted last year as the lease for the space has now completed. Rent is recoverable as the space has the ability to be let to another occupier and therefore the income is being foregone. The rates allowance has remained the same as last year.						
Office costs (telephones/stationery)	2023	£0.00	2022	£766.20	Variance	-100.00%
This cost has been moved to another budget that covers the Estate Management Office along with other lettable space within the Trunk. These costs therefore form part of the Estate Management Office service charge allowed for in the above site accommodation cost code.						

Help desk/call centre/information centre	2023	£1,600.00	2022	£1,600.00	Variance	0.00%
Operational costs for providing helpdesk and information centre facilities. Cost has remained flat year on year.						
Staff Training/ Benefits	2023	£0.00	2022	£1,114.63	Variance	-100.00%
These costs have now be included within the Staff Cost code above. For transparency the training will cover H&S webinar licenses, H&S Leadership Course, Annual H&S refresher training, First Aid training, Fire Safety training, Insurance Claims refresher, Cyber security training and GDPR refresher training. Ad hoc training will also be covered under allowance within staff cost.						
Network Services	2023	£56,496.00	2022	£50,584.00	Variance	11.69%
The cost category is to provide proactive management of the network backbone that provides connectivity to the wifi, cctv and management suite. This cost also includes the maintenance costs associated with the estates wifi network, 24 hour BAU remote support. A tender of services commenced in April 2022 where the network services costs were benchmarked against industry standards whereby the ICT Network & UPS's hardware/software maintenance package were changed to a new supplier who were able to offer faster response times in managing UPS failures than the predecessor. For clarity, Lendlease contribute towards this cost based on the Estate built percentage in line with staff costs and park costs.						
Professional Fees						
Landlord's risk assessments, audits and reviews	2023	£2,388.98	2022	£2,560.00	Variance	-6.68%
The costs under this code are for undertaking various statutory assessments for Health and Safety, Security and GDPR matters. We have allowed to undertake the following in the upcoming budget year - Combined H&S Risk Assessment, Water Risk Assessment, Rospa Risk Assessment and Slip Testing.						
Utilities						
Electricity	2023	£18,222.44	2022	£22,250.00	Variance	-18.10%
Electricity supply in relation to the estate and park. The costs have decreased since last year based on actual consumption data received to date. Based on what we have seen we have allowed for a decrease in the budget. We are also locked into contracts for 9 months of the budget year which fix our rate per KW hour paid.						
Water and sewerage charges	2023	£11,966.43	2022	£11,600.00	Variance	3.16%
Water supply in relation to the estate and park. We have estimated an allowance of £2,500 for the water supplies associated across the public realm. The Park expenditure is based on estimated allowance of £2,500 per annum for the main park supply, the water feature supply allowance has increased to £5,000 due to the requirement of flushing throughout the summer periods.						

Utility procurement and consultancy	2023	£1,600.00	2022	£1,600.00	Variance	0.00%
These costs are for the active bureau management of all utility supplies across the Elephant Park estate. The cost is based on our agreed fee structure with our utility consultant partner. This service ensures that all supplies are actively managed to ensure contracts offer value for money while also ensuring only renewable energy tariffs are entered into. The service also includes utility consumption reporting, analysis and strategic advice to help drive energy and cost savings moving forward.						
Security						
Security Systems - Equipment and Systems	2023	£7,501.00	2022	£1,800.00	Variance	316.72%
Cost associated with the hire of the secure radio link network used by the onsite staff. This includes the security, cleaning and landscaping operatives. The cost increased because the existing radio's and body camera's are at the end of their life therefore we have budgeted for replacement radios and camera's.						
Security Systems - CCTV	2023	£35,290.00	2022	£22,545.00	Variance	56.53%
This cost category covers the annual contract cost associated with maintaining the Wireless CCTV system, the proactive triage and replacement of CCTV cameras (most of the camera hardware is still inside 5-year manufacturer warranty) and the bi-annual camera lens clean. There is also a contingency figure to cover three emergency callouts if required throughout the budget year. The increase in this service is due to camera licences previously covered by Lendlease which serve the Estate CCTV infrastructure.						
Security Door Entry System	2023	£0.00	2022	£275.22	Variance	-100.00%
This cost has been removed from the estate budget and included within the Trunk service charge budget. The Estate Management Office's contribution to this is included under the Site Accommodation cost code						
Security Guarding	2023	£674,607.27	2022	£601,714.34	Variance	12.11%
<p>Direct employment/contract costs incurred in providing security guarding for the period. Costs budgeted have increased in comparison to the previous period due to inflationary pressures, allowance for increase in London Living Wage and also a restructuring of the Landlord contributions specifically towards security.</p> <p>Lendlease and Savills have the safety and wellbeing of residents and occupiers as a key priority at Elephant Park. We are always looking for ways to develop and improve security across the estate in order to provide a better living experience for all.</p> <p>The security contract allows for the provision of a full time CCTV controller that will be based from the estate management office. This individual will liaise with operatives on the ground to improve their effectiveness by alerting them to any issues across the wider estate.</p> <p>There is also the provision for an onsite manager who will actively manage the security and cleaning teams to drive better performance. The services manager will work 48 hours per week on a flexible basis dependent on the requirements of the estate at any given time.</p> <p>Underneath the services manager there is the provision for two security operatives to patrol site during the day and provision for three security operatives to patrol the site at night. We have allowed for a supervisor to be present on site 24/7.</p> <p>All security staff are paid at least the London Living Wage.</p> <p>Lendlease previously contributed towards the security costs to cover areas outside of the estate demise and also those areas that were a temporary use. On review, Lendlease no longer contribute for the New Kent Road, Rodney Road or Walworth Square areas as these areas are covered by the boundary walks within the service charge recoverable security provision. Lendlease do however still contribute towards security costs associated with the Meadow area along Deacon Street as this is a temporary feature.</p>						

Cleaning and Sustainability						
Waste Management	2023	£14,500.00	2022	£5,265.00	Variance	175.40%
<p>This cost centre is a contingency allowance for any bulky waste removal required from around the estate and also emptying of the bins across the estate areas. The budget has increased due to the volume of waste being produced increasing. As a result the collection costs associated with emptying the bins has increased, which has been seen in the current years invoicing.</p>						
Cleaning	2023	£242,511.11	2022	£199,253.80	Variance	21.71%
<p>Cleaning of the retained parts of the estate. Costs budgeted have increased in comparison to the previous budget year due to additional resource being budgeted for Allocation 2. During Allocation 1 the cleaning provision has remained the same as in the previous budget year. This covers 36 hours cleaning per day, which is split into four 8 hour shifts and two 2 hour shifts - 2 operating in the morning, 2 in the afternoon and the two 2 hour shifts also operating in the morning but specifically within the park. The cost of these 2 additional cleaners is recovered entirely from Schedule 2. In Allocation 2 we have budgeted for an additional cleaner 8 hours per day. This individual has been allowed for to cover the additional estate areas that will be handed over as part of H11A completing.</p> <p>There is also an additional allowance included in the budget for the periodic cleaning of all hard landscapes areas of the estate, this includes the hire/purchase of commercial equipment to ensure consistent finishes throughout. Last year this was an external service, however this year this will be an internal service which will provide greater flexibility and improve responsiveness, further increases to this line are due to the uplift in London Living Wage for the site operatives.</p> <p>Please note additional hours are to be budgeted but recovered solely from the retail tenants. Please note Lendlease employ an additional daily cleaner to clean the Meanwhile Use space on Sayers Street. The cost of this operative is not recovered via the service charge.</p>						
Pest Control	2023	£1,800.00	2022	£3,406.44	Variance	-47.16%
<p>Pest-control services provided to the estate and park areas. The cost has decreased from last year due to all bait boxes being purchased in the year end 2022. The cost allowed for in the YE23 covers just the ongoing maintenance agreement.</p>						
Snow clearance/road gritting	2023	£18,000.00	2022	£18,000.00	Variance	0.00%
<p>Costs incurred in clearing snow and supplying snow clearing equipment and gritting salt. The cost associated with these services has been based off the number of service visits required in the previous budget period. We have therefore based our cost on the requirement for 20 service visits. There is also an additional allowance of £2,000 to purchase salt granules for any ad hoc gritting requirements.</p>						

Landscaping and Environment						
External Landscaping	2023	£208,912.00	2022	£160,444.67	Variance	30.21%
<p>Provision of external soft landscaped areas across the estate and maintenance of the park area. This cost line covers all services provided to ensure the upkeep and maintenance of all green areas across Elephant Park, this cost covers the labour provision for three full-time and two part-time landscaping operatives, tree surgery works in line with recommendations from the arboricultural consultant which includes the auditing of all protected trees and the quarterly attendance of the development's landscaping consultant to ensure a level of consistency in conservation.</p> <p>The increase of this line includes a contingency allowance for the replacing of planting across all areas of the Estate. Other increases to this line is associated with permits required by Southwark to complete tree pruning works including the closure of bus lanes, bus stop diversions and parking restrictions.</p> <p>Further increase to this line includes the cost associated with maintain the park which had been previously covered by post construction warranty. All costs associated with the upkeep and maintenance of the Pavilion is excluded from this service cost.</p>						
Mechanical and electrical services						
M&E Maintenance & Repairs	2023	£4,628.24	2022	£2,545.87	Variance	81.79%
<p>This cost covers the reactive repairs & maintenance of Estate mechanical & electrical assets, this is based on actual expenditure within 2022.</p>						
M&E - MEWP Hire	2023	£2,000.00	2022	£1,000.00	Variance	100.00%
<p>This cost is for the hire of a MEWP twice a year to undertake inspections of lighting, cctv and other services located at height. This increase is due to additional equipment on site which requires high level access.</p>						
M&E Water Treatments	2023	£33,554.96	2022	£16,141.22	Variance	107.88%
<p>This is the cost associated with the maintenance of the two water features within the park. The budget has increased due to the twice monthly service provision required to maintain elephant springs between April - September. This service reduces to once a month for the remainder of the year October - March.</p>						
Fabric repairs and maintenance						
Admin - Professional Fees	2023	£5,000.00	2022	£2,500.00	Variance	100.00%
<p>This is an ad hoc allowance for any consultancy fees that may arise in relation to the estate and park. We have increased this allowance due to increase in Estate size and to cover the park plant and M&E equipment.</p>						
External fabric repairs and maintenance	2023	£37,488.98	2022	£30,000.00	Variance	24.96%
<p>Repair and maintenance of the public realm and park areas including any street furniture located across the estate, which includes benches, lampposts, bike racks and play areas for example. There is also a contingency figure included to replace and repair any signage around the estate. This cost has increased based due to increases in actual expenditure seen in the previous budget year, increased area of the estate and also the inclusion of funds for H&S remedial works that were previously included in the H&S cost category.</p>						

Drainage Maintenance and repairs	2023	£21,540.00	2022	£21,540.00	Variance	0.00%
Cost of maintaining/ cleaning of sewers, pumps and gullies across the estate, this is completed twice per year. The cost has remained the same from last year.						
Signage	2023	£5,000.00	2022	£1,500.00	Variance	233.33%
This cost is associated with all statutory and advisory signage across the Estate, this increase is due to the procurement of signs which had been previously supplied by Lendlease.						
Income						
Car Park Income	2023	-£1,200.00	2022	-£1,200.00	Variance	0.00%
This cost centre includes a contribution to the service charge in respect of the Car Park income received from the services provided under the service charge.						
All-risks insurance cover						
Public Realm insurance	2023	£15,037.00	2022	£13,670.00	Variance	10.00%
Costs incurred for landlord's public realm insurance. Previously this cost was covered by Lendlease, however going forward this is to be recovered via the service charge as is allowed under the terms of your lease. The estate forms part of Lendlease's Global insurance policy. We have been advised by the insurance broker to allow for a 10% year-on-year increase in line with the current market.						
Public and property owner's liability	2023	£1,188.98	2022	£700.00	Variance	69.85%
Costs incurred for landlord's public liability insurance.						
Landlord's contents insurance	2023	£1,100.00	2022	£1,000.00	Variance	10.00%
Costs incurred for landlord's contents insurance in relation to the management office. This covers items such as IT equipment, furniture and any appliances within the office.						
Forward funding						
Reserve funds	2023	£25,876.98	2022	£22,566.16	Variance	14.67%
This is a nominal contribution towards future repair and maintenance works necessary across the estate. This amount has increased to account for the new areas associated with H11a plot.						

Notes to the budget

Contracts

Appendix 4 details the contracts in place for the service charge budget year which details the contractor, summary of the scope of the contract, the annual contract sum, commencement date and length of contract.

Summary of all fees charged by the managing agent

All fees charged by Savills included in the budget are detailed below

Expense code	Total fees £	Professional fees £	Procurement fees £
Management fees	£115,000	£0	£0
FM fees	£40,000	£0	£0
Help desk	£1,600	£0	£0
Staff salaries (on-site)	£129,084	£0	£0
Office costs (on-site)	£0	£0	£0
Electricity	£2,000	£0	£0

Conclusion

We trust this service charge budget report provides sufficient detail, to enable you as an occupier to gain a clear understanding of Savills approach to managing the common services and areas of your property and the budgeted expenditure for the following year.

The information in the report and appendices should enable you to now make a payment of any on account charges due. In the event that you do wish to raise any queries or require clarification of any costs detailed, please contact your building manager in the first instance or your property manager, Ruth Perry; ruth.perry@savillspm.co.uk

Appendix 1 – Savills Management Policies and Procedures

Savills takes a diligent approach to the management of property and recognise the need to operate service charge accounts with care. For each property, Savills identify the procurement strategy most suitable based upon an appropriate level of service and value for money. In managing tenant funds we take a professional approach to contractor management and procurement, utilising in house resource wherever possible. Recurrent contracts will be retendered or price checked at regular intervals and specifications are subjected to regular review. Specialist consultants will be utilised to assist in the management and procurement of certain expenditure to provide expert input and insure market level charges are agreed and fees for this service are detailed within the budget report. We ensure that all contractors and suppliers perform according to the agreed written performance standards. Where appropriate Savills regularly measure and review performance against these defined performance standards as well as regularly review the appropriateness of standards used.

Our procurement policies and procedures cover the whole procurement process and ensure there is effective management of the procurement cycle. We have systems in place to enable us to carry out a full and thorough evaluation of contractor's ethical, financial, environmental, sustainability and social standards.

We aim to deliver a management regime which takes a considered and structured approach to sustainability, managing environmental impact whilst ensuring compliance with statutory requirements and delivery of sustainability targets including waste management, energy efficiency and responsible procurement.

Appendix 2 – Detailed Budget

2022/2023
ELEPHANT PARK - LLE001
Estate Service Charge Budget

CODE CATEGORY AND DESCRIPTION	Budget YE 2023					Budget YE 2023					Previous Budget YE 2022				Variance				
	ALLOCATION 1					ALLOCATION 2													
SCHEDULE TITLE	ESTATE	PARK	TOTAL of Schedule 1 & 2	PAVILION	All Schedule TOTAL	ESTATE	PARK	TOTAL of Schedule 1 & 2	PAVILION	All Schedule TOTAL	ESTATE	PARK	LL Con	TOTAL inc LL Cost	TOTAL YE23- Sch1 & 2 Only	Variance Sch 1 & 2	Variance (%)	TOTAL YE23 - All Costs	
MANAGEMENT	Schedule 1	Schedule 2		Schedule 3		Schedule 1	Schedule 2		Schedule 3		Schedule 1	Schedule 2	N/A						
Management fees																			
Admin - Management Fees	15,607	10,213	25,820	1,986	27,740	50,090	31,212	81,302	5,892	87,260	62,296	32,701	17,729	112,726	107,122	-	5,604	-4.97%	115,000
Accounting fees																			
Admin - Accountancy Fees	1,109	-	1,109	-	1,109	3,291	-	3,291	-	3,291	3,312	-		3,312	4,400	1,088	32.85%	4,400	
SITE RESOURCES costs based on actual built %																			
Admin - Telephones		-	-	-	-		-	-	-	-	564	-		564	-	-	564	-100.00%	-
Admin - Accommodation		-	-	-	-		-	-	-	-		-		-	-	-	-		-
Admin - Mobile Telephones		-	-	-	-		-	-	-	-		-		-	-	-	-		-
Admin - Office Costs		-	-	-	-		-	-	-	-	766	-		766	-	-	766	-100.00%	-
Admin - Training/Benefits		-	-	-	-		-	-	-	-	1,115	-		1,115	-	-	1,115	-100.00%	-
Admin - Employment Costs	19,551	15,952	35,503	-	35,503	82,613	50,967	133,581	-	133,581	33,635	-	40,374	74,009	169,084	95,075	128.46%		169,084
Out of Hours Emergency Desk	403	-	403	-	403	1,197	-	1,197	-	1,197	1,600	-		1,600	1,600	-	0.00%		1,600
Rent	7,209	5,882	13,091	-	13,091	24,024	14,821	38,845	-	38,845	12,367	-		12,367	51,936	39,569	319.95%		51,936
Network Services	7,842	6,398	14,240	-	14,240	26,133	16,123	42,256	-	42,256	32,637	17,947		50,584	56,496	5,912	11.69%		56,496
Health, Safety and Environmental Based on Estate/ Public Realm % split																			
Health & Safety	309	304	613	430	983	946	830	1,776	1,276	2,917	1,652	908		2,560	2,389	-	171	-6.68%	3,900
MANAGEMENT SUB TOTAL	52,031	38,749	90,779	2,416	93,195	188,295	113,952	302,247	7,168	309,346	149,943	59,625	58,103	267,672	393,027	125,355	46.83%		402,542
UTILITIES																			
Electricity Based on Number of Supplies																			
Utilities - Electricity	£ 2,521	£ 2,100	£ 4,621	£ 1,075	£ 5,545	£ 7,479	6,122	£ 13,602	3,191	£ 16,455	17,000	5,250		22,250	18,222	-	4,028	-18.10%	22,000
Water and sewerage based on Number of Supplies																			
Utilities - Water	1,619	1,406	3,025	323	3,347	4,811	4,131	8,942	957	9,899	6,423	5,177		11,600	11,966	366	3.16%		13,246
Utility Procurement Fees	302	101	403	-	403	898	299	1,197	-	1,197	1,200	400		1,600	1,600	-	0.00%		1,600
UTILITIES SUB TOTAL	7,134	3,607	10,741	1,398	12,139	14,096	10,552	24,648	4,148	28,357	24,623	10,827		35,450	35,389	-	61	-0.17%	40,496
SOFT SERVICES																			
Security - Equip/Systems	1,220	671	1,891	-	1,891	3,735	1,875	5,610	-	5,610	1,161	639		1,800	7,501	5,701	316.72%		7,501
Security - CCTV Costs -	5,739	3,156	8,895	-	8,895	17,574	8,821	26,395	-	26,395	14,546	7,999		22,545	35,290	12,745	56.53%		35,290
Security - Door Entry Sy		-	-	-	-		-	-	-	-	178	98		275	-	-	275	-100.00%	-
Security - Services -	101,266	68,607	169,873	-	169,873	316,419	188,315	504,734	-	504,734	388,226	213,488		601,714	674,607	72,893	12.11%		674,607

INSURANCE																						
All Risks Insurance Cover Based on % of Public Realm and Estate																						
Insurance - Contents	179	98	277	-	277	548	275	823	-	823	645	355		1,000	1,100	100	10.00%	1,100				
Insurance - Public Realm	2,445	1,345	3,790	-	3,790	7,488	3,759	11,247	-	11,247	8,820	4,850		13,670	15,037	1,367	10.00%	15,037				
Insurance - General	114	197	311	430	681	349	530	878	1,276	2,019	452	248		700	1,189	489	69.85%	2,700				
INSURANCE TOTAL	2,738	1,640	4,378	430	4,808	8,385	4,563	12,948	1,276	14,089	9,917	5,453		15,370	17,326	1,956	12.73%	18,897				
Forward Funding																						
Transfer to Reserves					5,691	336	6,026	1,075	6,951	18,964	887	19,851	3,191	22,704	22,566			22,566	25,877	3,311	14.67%	29,654
EXCEPTIONAL EXPENDITURE TOTAL					5,691	336	6,026	1,075	7,101	18,964	887	19,851	3,191	22,704	22,566	-		22,566	25,877	3,311	14.67%	29,805
MISCELLANEOUS CHARGES																						
External contributions																						
Contributions to Pavilion Service charge					-	-	-	-	-	-	-	-	-	-				-	-	-		-
EXCEPTIONAL EXPENDITURE TOTAL					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE MINUS INCOME					251,735	179,395	431,130	18,435	449,565	811,680	539,942	1,351,622	54,709	1,404,490	892,909	476,778	58,103	1,427,789	1,782,752	354,963	24.86%	1,854,055
COST PER FT²					0.71	0.51	1.21		1.27			1.14		1.19				1.16				1.21

Appendix 3 – Apportionment

APPORTIONMENT SCHEDULE - COMBINED

		Allocation 1			Allocation 2			Allocation 1			Allocation 2			Total		Psf	YE22 App	Diffenrence	% Variance
		Estate Sch 1	Park Sch 2	Pavilion Sch 3	Estate Sch 1	Park Sch 2	Pavilion Sch 3	Estate Sch 1	Park Sch 2	Pavilion Sch 3	Estate Sch 1	Park Sch 2	Pavilion Sch 3	Total Due All Schedules	Total Due All Schedules (Gross)				
Unit Description	Floor Area	100%	100%	100%	100%	100%	100%	£ 251,735.45	£ 179,394.54	£ 18,434.97	£ 811,679.99	£ 539,942.21	£ 54,709.00	£ 1,855,896.16	£ 2,227,075.40		£ 1,714,035.71	£ 513,039.69	
MP1 Residential	275,121	19.52%	9.69%	0.00%	17.38%	9.72%	0.00%	£ 49,143.32	£ 17,389.35	£ -	£ 141,095.67	£ 52,483.29	£ -	£ 260,111.62	£ 312,133.95	£ 1.13	£ 270,652.67	£ 41,481.27	15.33%
MP 1 Retail	3,891	0.28%	0.14%	0.00%	0.25%	0.14%	0.00%	£ 695.03	£ 245.94	£ -	£ 1,995.50	£ 742.26	£ -	£ 3,678.72	£ 4,414.47	£ 1.13	£ 3,827.81	£ 586.66	15.33%
MP 1a	20,411	1.45%	0.72%	0.00%	1.29%	0.72%	0.00%	£ 3,645.90	£ 1,290.10	£ -	£ 10,467.77	£ 3,893.69	£ -	£ 19,297.47	£ 23,156.96	£ 1.13	£ 20,079.50	£ 3,077.46	15.33%
H2 Residential	272,363	19.33%	9.60%	0.00%	17.21%	9.62%	0.00%	£ 48,650.67	£ 17,215.03	£ -	£ 139,681.23	£ 51,957.16	£ -	£ 257,504.09	£ 309,004.90	£ 1.13	£ 267,939.47	£ 41,065.44	15.33%
H2 Retail	15,977	1.13%	0.56%	0.00%	1.01%	0.56%	0.00%	£ 2,853.88	£ 1,009.85	£ -	£ 8,193.80	£ 3,047.84	£ -	£ 15,105.37	£ 18,126.44	£ 1.13	£ 15,717.51	£ 2,408.93	15.33%
H3 Residential	169,811	12.05%	5.98%	0.00%	10.73%	6.00%	0.00%	£ 30,332.38	£ 10,733.11	£ -	£ 87,087.49	£ 32,393.89	£ -	£ 160,546.87	£ 192,656.24	£ 1.13	£ 167,053.05	£ 25,603.19	15.33%
H3 Retail	23,652	1.68%	0.83%	0.00%	1.49%	0.84%	0.00%	£ 4,224.82	£ 1,494.95	£ -	£ 12,129.92	£ 4,511.96	£ -	£ 22,361.65	£ 26,833.98	£ 1.13	£ 23,267.86	£ 3,566.12	15.33%
H4 BTR	248,766	17.65%	8.76%	0.00%	15.72%	8.79%	0.00%	£ 44,435.67	£ 15,723.55	£ -	£ 127,579.52	£ 47,455.69	£ -	£ 235,194.43	£ 282,233.32	£ 1.13	£ 244,725.71	£ 37,507.61	15.33%
H4 Retail	20,195	1.43%	0.71%	0.00%	1.28%	0.71%	0.00%	£ 3,607.32	£ 1,276.45	£ -	£ 10,357.00	£ 3,852.49	£ -	£ 19,093.25	£ 22,911.90	£ 1.13	£ 19,867.01	£ 3,044.89	15.33%
H4 Residential	68,345	4.85%	2.41%	0.00%	4.32%	2.41%	0.00%	£ 12,208.08	£ 4,319.83	£ -	£ 35,050.70	£ 13,037.79	£ -	£ 64,616.40	£ 77,539.68	£ 1.13	£ 67,234.99	£ 10,304.69	15.33%
H5 Residential	54,094	3.84%	1.91%	0.00%	3.42%	1.91%	0.00%	£ 9,662.51	£ 3,419.08	£ -	£ 27,742.08	£ 10,319.21	£ -	£ 51,142.87	£ 61,371.45	£ 1.13	£ 53,215.44	£ 8,156.00	15.33%
H5 Retail	15,933	1.13%	0.56%	0.00%	1.01%	0.56%	0.00%	£ 2,845.97	£ 1,007.05	£ -	£ 8,171.08	£ 3,039.39	£ -	£ 15,063.48	£ 18,076.18	£ 1.13	£ 15,673.93	£ 2,402.25	15.33%
H5 BTR	220,742	15.66%	7.78%	0.00%	13.95%	7.80%	0.00%	£ 39,429.90	£ 13,952.26	£ -	£ 113,207.42	£ 42,109.71	£ -	£ 208,699.30	£ 250,439.16	£ 1.13	£ 217,156.86	£ 33,282.30	15.33%
H11A Residential	161,896	0.00%	0.00%	0.00%	10.23%	5.72%	0.00%	£ -	£ -	£ -	£ 83,028.28	£ 30,883.99	£ -	£ 113,912.27	£ 136,694.73	£ 0.84			
H11A Retail	11,490	0.00%	0.00%	0.00%	0.73%	0.41%	0.00%	£ -	£ -	£ -	£ 5,892.55	£ 2,191.85	£ -	£ 8,084.39	£ 9,701.27	£ 0.84			
Landlord		0.00%	50.35%	100.00%	0.00%	44.08%	100.00%	£ -	£ 90,318.00	£ 18,434.97	£ -	£ 238,022.00	£ 54,709.00	£ 401,483.97	£ 481,780.76		£ 327,623.90	£ 154,156.86	47.05%

Appendix 4 – Detailed Contracts

The following consultant and contractor appointments are in place at the property for the forthcoming service charge year

Description of Service	Visit Frequency	Contractor Name	Start Date	End Date	Notice Period	Contract Annual Value	Notes
Security	24/7 site presence	ABM Facility Services	1st July 2022	30th June 2023	1 month	£ 700,706.96	Total security management services including the restructure of supervisory roles and patrolling of new public realm areas with total operational management of 24hr Security Control Room
Cleaning	6am - 10pm daily	ABM Facility Services	1st July 2022	30th June 2023	1 month	£ 286,186.90	Total horizontal cleaning services including consumables, equipment & pest control with increased resourcing level due to further phases of the development becoming operational.
CCTV Maintenance	Reactive / Remote Support	FLR Spectrum	1st July 2022	30th June 2023	1 month	£ 39,277.00	CCTV proactive service providing alerts to recording servers, storage appliances, Virtual Smartzone Controller and Milestone management server plus 2 bi-annual maintenance visits & 3 emergency call outs.
Network Services	Reactive / Remote Support	FLR Spectrum	1st July 2022	30th June 2023	1 month	£ 53,158.91	Monitoring of the Sitewide Network & Wi-Fi systems including proactive repairs and upgrades assistance.
Landscaping MP1 & MP1a	Every weekday	Nurture Landscapes	1st July 2022	30th June 2023	1 month	£ 119,662.68	Provision of two full time gardeners to maintain the soft landscaping on the Public Realm including Bodley Way Park, Pocket Parks and planted areas. A seasonal operative for watering duties and the hire of a standpipe.
Landscaping MP2	Two/Three days per week	Willerby Landscaping	1st July 2022	30th June 2023	1 month	£ 69,424.80	Provision of two gardeners two days per week (Tue & Wed) for off peak seasons & two gardeners three days per week during peak seasons. Landscaping duties of the lawns and planted areas of Parks Phases 1 & 2.
M&E - Water Treatment	Once per month/Twice per month	The Fountain Workshop Limited	1st July 2022	30th June 2023	1 month	£ 33,555.00	Includes 18No service visits of two engineers (Fountains Workshop) for Elephant Springs and Park Phase one water pump.
Landscaping consultancy	One per quarter	Gillispies Landscaping	1st July 2022	30th June 2023	1 month	£ 4,396.00	Site visit of the public areas of the Estate (Parks, Streets and Squares) with the production of a report for snagging, actions and advice whilst coordination with contractor / Estate Team
Tree consultancy	Annual visits / remote support	Treeworks Environmental Practice	1st July 2021	29th June 2023	1 month	£ 5,095.00	Comprises; 20hrs Principle Arboricultural Consultant, inclusive of a database for tree inspection and report of 113 existing and 107 new trees, maint schedule, annual reinspection and estimates for future tree works
Tree maintenance	As required	To be appointed after tender process	1st July 2022	30th June 2023	As per PO	£ 8,450.00	Estimated provided by Treeworks consultant
Electricity	Monthly	E-on (Savills Energy)	1st July 2022	30th June 2023	1 month	£ 22,250.00	Savills Energy contracted to purchase supplies at best market value including monitoring account usage and bill paying processes
Winter prep	Seasonal callouts	Nurture Gritting Ltd	1st July 2022	30th June 2023	1 month	£ 16,758.00	Based on 20No service visits when ground temps are zero when the gritters are despatched. Includes an allowance for gritting stock for manual delivery using Estates team.
Drains maintenance	Two proactive visits (Sept & Apr)	Southern Drains	1st July 2022	30th June 2023	1 month	£ 21,540.00	This comprises of bi-annual service for external tanker and pump vehicles brought to site to empty chambers, gullies and drainage lines as per the service agreement
External repairs	Reactive works	CAM / others	1st July 2022	30th June 2023	As per PO	£ 31,500.00	General repairs to footpaths, fabric, internal thoroughfares, furniture & signage and any other area within the Public Realm.

Appendix 5 – Estate Plan – Tranche 1



Appendix 5 – Estate Plan – Tranche 2 – Additional MP4 (H11A) Plot



Notes

1. Do not scale from this drawing, other than for Planning purposes.
2. All dimensions to be checked on site by the contractor and any discrepancies reported to the contract manager.
3. This document may be issued in an uncontrolled CAD format to enable others to use it as background information to make alterations and/or additions. In that instance the file will be accompanied by a PDF version. It is for those making such alterations and additions to ensure that they make use of current background information.
4. Gillespies LLP accepts no liability for any such alterations or additions to the background information or arising out of changes to background information which occur prior to alterations of additions being made.
- 5.1 Drawings to be read in conjunction with Gillespies specification 305215-LA01-RE04-99-SP-00-S01
- 5.2 Refer to Buro Happold specification - 305215-IF00-RE04-SP-00-20 for pavement build-ups and foundation
- 5.3 Paving details - Refer to Buro Happold drawings: 305215-IF00-RE04-97-PL-00-212 & 305215-IF00-RE04-97-DT-00-231 for joint layout + details.
- 5.5 Drainage details and levels including manholes - Refer to Buro Happold drawings 305215-IF00-RE04-95-PL-00-322, and 305215-IF00-RE04-95-DT-00-351 & 352
- 5.6 Kerb details - Refer to Buro Happold drawings: 305215-IF00-RE04-97-DT-00-232 & 233
- 5.7 Foundation details - Refer to Buro Happold drawings: 305215-IF00-RE04-98-DT-00-820 & 821.
- 5.8 Utility covers - refer to Buro Happold drawing: 305215-IF00-RE04-96-PL-00-452
- 6.1 Refer to Michael Grubb Studio's Lighting specification - 305215-SP01-RE04-98-SP-00-001
- 6.2 Lighting details - Refer to Michael Grubb Studio drawings 305215-SP01-RE04-98-DT-00-001 (Lighting layout) 305215-SP01-RE04-98-DT-00-003 (Bench lighting)
- 6.3 Refer to Michael Grubb Studio's Lighting schedule - 305215-SP01-RE04-98-SC-00-001
- 7.0 Signage details and locations - Refer to CityID drawings and specification.

Legend

GENERAL

- H11a RMA Boundary
- Lendlease Ownership Boundary
- TfL Highway Boundary
- Southwark Highway Boundary
- Elephant Park OPP Boundary
- H11a Building Extent
- H11b Kelly Block Hoarding

C13	For Construction: Rodney Place Planter revised.	BY	NM	10/03/22
C12	For Construction: SV Planter kerbs revised.	BY	NM	06/02/22
C11	For Construction: NKR Planter revised.	BY	NM	05/01/22
C10	For Construction: NKR Planter revised.	BY	NM	23/12/21
C09	For Construction: H11b Hoarding added.	BY	NM	14/12/21
C08	For Construction: Chamber locations updated.	BY	NM	06/12/21
C07	For Construction: Redundant manhole chambers removed.	BY	NM	26/11/21
C06	For Construction	BY	NM	18/11/21
C05	For Construction	GG	NM	15/10/21
C04	For Construction	BY	NM	29/09/21
C03	For Construction	BY	NM	24/09/21
C02	For Construction	BY	NM	23/09/21
C01	For Construction	BY	NM	17/09/21
C00	For Construction	BY	NM	17/09/21
T04	Tender issue update as per client comments	CL	NM	09/07/21
T03	Tender issue update as per client comments, plus additional revision clouds showing increased greening, increased retail spillout	CL	NM	04/02/21
T02	DRAFT issue for Tender	CL	NM	19/01/21
T01	Issue for Tender	CL	RC	28/05/20
T00	Issue for Tender	CL	RC	15/05/20
REV	DESCRIPTION	BY	CHK	DATE

Key Plan

lendlease

Author

GILLESPIES

Project Title

**ELEPHANT PARK
EAST GROVE MP4**

Drawing Title

**MP4 - H11a
General Arrangement Plan
Temporary Condition**

Purpose of Issue

For Construction

Project Number

305215

Scale

1:200 @ A1

Drawing No

305215-LA01-RE04-90-PL-00-102

Revision

C13