

Service Charge Budget

25th June 2009 to 30th June 2010

Froomsgate House

For And On Behalf Of

Froomsgate House Realty Ltd

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Introduction

The following report details the service charge budget for the period 25th June 2009 to 30th June 2010 in respect of Froomsgate House, Bristol. The report aims to explain all budgeted heads of expenditure and the level of service provided within them.

Executive Summary

The service charge budget for the year can be summarised as follows:

- The overall amount budgeted for expenditure for the period 25h June 2009 to 30th June 2010 is £434,075.00.
- On a Net Internal Area basis the overall amount budgeted for expenditure equates to £4.95 per square foot.
- The greatest proportion of budgeted expenditure relates to the 'Electricity Consumption' expenditure category which accounts for 12.67% of total budgeted expenditure.
- Hartnell Taylor Cook LLP were instructed to manage Froomsgate House by the owner Froomsgate House Realty Ltd from June 2009.

Service Charge Budget 2009/10

The service charge expenditure budget has been created within one schedule and relates to all common internal, external and management related services supplied to the building.

A copy of the budget can be found in Appendix 1, with apportionments being located in Appendix 2. An expenditure breakdown pie chart can be found in Appendix 3.

Property Expense Categories

The most significant property expense categories can be summarised as follows:

- Electricity Consumption - 12.67% of the budget total
- Mechanical & Electrical Contracts - 11.52% of the budget total
- Internal Cleaning - 10.14% of the budget total

Classes of Expenditure

Each class of expenditure for the budget is explained below. The level of estimated expenditure is detailed together with an explanation of what service is being provided and by whom where appropriate. For the avoidance of doubt all figures in this document are net of VAT.

Management Fees

Management Fees

The management fee has been fixed in the sum of £25,000.00 and is as per our management agreement.

Hartnell Taylor Cook LLP are appointed by Froomsgate House Realty Ltd to manage the development and the services provided in respect of the development.

Site Management Resources

Staff Costs

Budget expenditure for the period has been estimated in the sum of £31,000.00.

The sum is in respect of the Building Manager, who also provides front desk functions for part of the day. The cost includes National Insurance contributions and an accounts department administration fee.

Site Accommodation & Office Costs

Budget expenditure for the period has been estimated in the sum of £4,000.00.

The sum has been estimated in respect of sundry office equipment and computer supplies (including new IT equipment). The sum also includes an amount in respect of the office and lift telephone lines and a broadband connection.

Health, Safety & Environment

Risk Assessments, Audits & Reviews

Budget expenditure for the period has been estimated in the sum of £4,960.00.

The sum has been estimated in respect of instructing upon a new health and safety risk assessment for the common areas of the building, a new fire risk assessment for the common areas of the building, an update of the asbestos register, a DDA audit and review of on site manuals. Additionally an Environmental Performance Certificate in respect of the entire building will be prepared.

Electricity

Electricity Consumption

Budget expenditure for the period has been estimated in the sum of £55,000.00.

The sum has also been estimated to cover the cost of the Western Power meter operator charge and the Southern Electric supply in respect of the visitor car park.

EDF provide the main electrical supply contract in respect of the building. Individual check meters within offices allow tenants to be billed for their actual consumption each month. Therefore the £55,000.00 is the estimated cost of the common area electricity only.

Gas

Gas Consumption

Budget expenditure for the period has been estimated in the sum of £5,000.00.

The main gas supply contract is held with EON. The gas supplies the central heating boilers in the building.

Water

Water, Sewerage & Drainage Charges

Budget expenditure for the period has been estimated in the sum of £7,000.00.

The sum has been estimated to cover the cost of the water supplied to the common areas of the building and the sewerage and drainage charges.

Security

Security General

Budget expenditure for the period has been estimated in the sum of £365.00.

The sum is in respect of the annual key holding contract held by Mitie Ltd.

Security Guards

Budget expenditure for the period has been estimated in the sum of £38,000.00.

The sum has been estimated to cover the cost of the front desk security staff and night patrol staff employed from Mitie Ltd across the entire year. Also included within the estimate is an allowance for emergency call outs and Building Manager sickness and holiday cover.

Security Systems

Budget expenditure for the period has been estimated in the sum of £18,000.00.

The sum of has been estimated in respect of the CCTV system annual maintenance contract held by Remas Ltd. Also included in the estimate is an allowance for a comprehensive new common area entry system and associated annual maintenance, as the existing system is failing with replacement parts unavailable due to it's age.

Cleaning & Environmental

Internal Cleaning

Budget expenditure for the period has been estimated in the sum of £44,000.00.

The sum has been estimated to cover the cost of the internal cleaning contract held by OCS Ltd. OCS began operating from a new flexible contract in July 2009 which was more comprehensive than the historic arrangement. Also included in the estimate is an allowance for periodic deep cleans to the common areas of the building. During the year we intend to re-tender the cleaning contract, to achieve best value.

External Cleaning

Budget expenditure for the period has been estimated in the sum of £1,000.00.

The sum has been estimated in respect of winter gritting and periodic external area cleans which may be required throughout the year.

Window Cleaning

Budget expenditure for the period has been estimated in the sum of £6,000.00.

The sum has been estimated in accordance with the window cleaning contract held by Trim High Rise Ltd.

Hygiene Services / Toiletries

Budget expenditure for the period has been estimated in the sum of £13,000.00.

PHS are contracted to provide sanitary bins and air fresheners. Initial provide hand soap and roller towels. We will be reviewing the service provided by both contractors during the year.

Carpet/Mat Hire

Budget expenditure for the period has been estimated in the sum of £1,100.00

The sum has been estimated to cover the cost of the reception logo mats and wet weather mats provided by Initial.

Waste Management

Budget expenditure for the period has been estimated in the sum of £10,000.00.

The sum has been estimated in accordance with the refuse contract held by Veolia. Also included in the estimate is an allowance for skips to clear car park waste, which has accumulated over several years. Provision of recycling facilities will be considered this year.

Pest Control

Budget expenditure for the period has been estimated in the sum of £1,000.00.

The sum has been estimated in accordance with the pest control service contract held by Rentokil Ltd who supply, check and rebait all pest boxes in the building eight times per annum.

Interior Planting

Budget expenditure for the period has been estimated in the sum of £3,500.00.

Plant Care Ltd provide twelve internal planters. Lisa Elliot provides a weekly front desk flower arrangement.

External Planting/Landscaping

Budget expenditure for the period has been estimated in the sum of £1,500.00.

Plant Care Ltd have a contract to maintain all external beds on a monthly basis.

Seasonal Decorations

Budget expenditure for the period has been estimated in the sum of £300.00.

The sum has been estimated to cover the cost of Christmas tree hire in December.

Mechanical & Electrical Services

M&E Maintenance Contracts

Budget expenditure for the period has been estimated in the sum of £50,000.00.

The sum has been estimated in respect of the mechanical and electrical maintenance contract held by Nationwide Maintenance Ltd. The scope of the instruction will be considered this year and the contract re-tendered as appropriate to ensure best value and service.

M&E Repairs

Budget expenditure for the period has been estimated in the sum of £20,000.00.

The sum has been estimated in respect of any reactive repair works which may be required throughout the course of the year with regards to the mechanical and electrical installations.

M&E Inspections & Consultancy

Budget expenditure for the period has been estimated in the sum of £8,000.00.

The sum has been estimated in respect of instructing upon a full review of installations and services by a certified mechanical and electrical consulting engineer, heating and cooling lifecycle analysis report; a versatemp heating report and an air handling unit report. Additionally an engineer will be retained to provide an M&E contract specification and tender documentation.

Lift & Escalators

Lift Maintenance & Contracts

Budget expenditure for the period has been estimated in the sum of £8,850.00.

The sum has been estimated in accordance with the lift maintenance contract held by OTIS Ltd who provide regular maintenance and inspections. The contract is for 5 years and was entered into by CBRE in August 2008.

Lift Repairs

Budget expenditure in respect of reactive lift repairs for the period has been estimated in the sum of £2,500.00.

Fabric Repairs & Maintenance

Internal Repairs & Maintenance

Budget expenditure for the period has been estimated in the sum of £20,000.00.

The sum has been estimated as an allowance to cover the cost of general internal repair works which may be required throughout the course of the year. The works will either be reactive repairs or general upkeep of the common fabric.

External Repairs & Maintenance

Budget expenditure for the period has been estimated in the sum of £10,000.00.

The sum has been estimated as an allowance to cover the cost of any general external fabric repair works which may be required throughout the course of the year.

Signage

Budget expenditure for the period has been estimated in the sum of £6,000.00.

The sum has been estimated in respect of the repair and/or replacement of the building area signage and additional signage where required. An allowance has also been made for the installation of various health and safety signage. The signage will include a new tenant directory in the reception area.

Car Park Repairs & Maintenance

Budget expenditure for the period has been estimated in the sum of £9,000.00.

The sum has been estimated in respect of the car park line markings; repairs and decoration to the access gates and railings; and repairs to the car park surface where required. Also lighting within the car park will be repaired or replaced when necessary.

Refurbishment

Budget expenditure for the period has been estimated in the sum of £18,000.00.

The sum is in respect of an additional phase of the common area redecoration programme. Also the sum allows for professional building surveying services to project manage the works.

Major Works

Plant Replacement

Budget expenditure for the period has been estimated in the sum of £12,000.00.

The sum has been estimated in respect of major plant replacement where failures occur throughout this year.

Conclusion

The apportionment of the service charge can be seen overleaf in Appendix 2. The basis of apportionment is Net Internal Area of a tenant's demise in relation to the aggregate of all lettable floor space in the building.

We shall continue to monitor costs and test contracts for best value.

Contact Information

David North BSc (Hons) MRICS

Associate

Direct Dial: 0117 946 4577

Email: david.north@htc.uk.com

Jonathan Marwood MRICS MCI Arb

Director

Direct Dial: 0117 946 4547

Email: jonathan.marwood@htc.uk.com

Appendix 1

Budget

Service Charge Budget
Detailed Estimated Expenditure Report

Froomsgate House, Bristol

25.06.2009 to 30.06.2010

RICS Industry Standard Service Charge Cost Headings

Code (RICS)	Property Expense	Schedule 1 - Froomsgate House	
		Budget Cost (£)	Proportion of Total Budget (%)
Management			
	Management Fees		
00110	Management Fees	£25,000.00	5.76%
	Sub Total	£25,000.00	5.76%
	Site Management Resources		
00310	Staff Costs	£31,000.00	7.14%
00330	Site Accommodation & Office Costs	£4,000.00	0.92%
	Sub Total	£35,000.00	8.06%
	Health, Safety & Environment		
00410	Risk Assessments, Audits & Reviews	£4,960.00	1.14%
	Sub Total	£4,960.00	1.14%
Utilities			
	Electricity		
00510	Electricity Consumption	£55,000.00	12.67%
	Sub Total	£55,000.00	12.67%
	Gas		
00610	Gas Consumption	£5,000.00	1.15%
	Sub Total	£5,000.00	1.15%
	Water		
00810	Water, Sewerage & Drainage Charges	£7,000.00	1.61%
	Sub Total	£7,000.00	1.61%
Soft Services			
	Security		
00910	Security General	£365.00	0.08%
00920	Security Guards	£38,000.00	8.75%
00930	Security Systems	£18,000.00	4.15%
	Sub Total	£56,365.00	12.99%
	Cleaning & Environmental		
01010	Internal Cleaning	£44,000.00	10.14%
01015	External Cleaning	£1,000.00	0.23%
01020	Window Cleaning	£6,000.00	1.38%
01025	Hygiene Services / Toiletries	£13,000.00	2.99%
01030	Carpets / Mat Hire	£1,100.00	0.25%
01035	Waste Management	£10,000.00	2.30%
01040	Pest Control	£1,000.00	0.23%
01045	Internal Planting	£3,500.00	0.81%
01050	External Planting / Landscaping	£1,500.00	0.35%
01055	Seasonal Decorations	£300.00	0.07%
	Sub Total	£81,400.00	18.75%
Hard Services			
	Mechanical & Electrical Services		
01210	M&E Maintenance Contracts	£50,000.00	11.52%
01220	M&E Repairs	£20,000.00	4.61%
01230	M&E Inspections & Consultancy	£8,000.00	1.84%
	Sub Total	£78,000.00	17.97%
	Lift & Escalators		
01310	Lift Maintenance & Contracts	£8,850.00	2.04%
01320	Lift Repairs	£2,500.00	0.58%
	Sub Total	£11,350.00	2.61%
	Fabric Repairs & Maintenance		
01510	Internal Repairs & Maintenance	£20,000.00	4.61%
01520	External Repairs & Maintenance	£10,000.00	2.30%
01540	Signage	£6,000.00	1.38%
01550	Car Park Repairs & Maintenance	£9,000.00	2.07%
	Sub Total	£45,000.00	10.37%
	Major Works		
02120	Refurbishment	£18,000.00	4.15%
02130	Plant Replacement	£12,000.00	2.76%
	Sub Total	£30,000.00	6.91%
	Totals	£434,075.00	100.00%
Grand Totals			
£434,075.00			
100.00%			

Appendix 2

Apportionment

Service Charge

Detailed Estimated Expenditure Report - Apportionment

Froomsgate House, Bristol

25.06.2009 to 30.06.2010

Demise	Floor Area (Sq ft)	Schedule 1 % Payable
Mezzanine Floor, Block A	1,747	1.99%
1st Floor	5,886	6.71%
2nd Floor	7,304	8.33%
3rd Floor	7,266	8.28%
4th, 5th, 6th Floor	21,777	24.83%
7th Floor A	1,913	2.18%
7th Floor B & C	5,265	6.00%
8th Floor A	1,840	2.10%
8th Floor B	3,070	3.50%
9th Floor A & B	4,910	5.60%
10th Floor A	1,840	2.10%
10th Floor B	3,070	3.50%
11th Floor A	1,840	2.10%
11th Floor B	3,070	3.50%
12th Floor A	2,463	2.81%
12th Floor B	2,769	3.16%
13th Floor A	1,920	2.19%
13th Floor B	3,319	3.78%
14th Floor A	2,300	2.62%
14th Floor B	953	1.09%
15th Floor	3,187	3.63%
Total	87,709	100.00%

Appendix 3

Pie Chart

Froomsgate House Schedule 1

