

Dear Leaseholder,

13<sup>th</sup> September 2024

## Rede House, Middlesbrough

| 2025 Year End Service Charge Budget | Period 1<sup>st</sup> September 2024 to 31<sup>st</sup> August 2025 |

We are pleased to provide the **2025 Year End Service Charge Budget** for Rede House. The budget includes a summary of variances & notes on the inclusive services within the budget itself, and supplementary notes within this letter to accompany the associated service charge invoice.

Overall, this year's budget sees a 12% decrease which is mainly due to the completion of some one-off surveys which are a requirement of the Building Safety Act in 2023-2024.

Please find enclosed further details on any significant variances (increases and decreases) in service charges in comparison to the 2024 financial year and the rationale for setting the service charges for the upcoming year.

⊗ **Summer Cleaning** - After reviewing the previous arrangement in relation to the end of tenancy cleans which take place during the summer turnaround, the decision has been made to remove such costs from the service charge budget. Moving forward, the cost, should the room be cleaned by Xenia, will be deducted from the rental income received via Xenia Lettings before the remaining income is paid to landlords. We feel this is a fairer way of the costs being apportioned. Further communication will be provided by Xenia Lettings on this subject. This has resulted in a saving of £15,600 to the overall service charge budget.

⊗ **Fire Defences** – This was under budgeted in the previous year. This includes all servicing and testing of fire equipment, which is a legal requirement. This service is currently under contract with Barlow's & will be re-tendered next year.

⊗ **Utilities** - We are pleased to announce that Xenia Estates have recently appointed a new Energy Broker who have been able to secure savings to the utilities across our portfolio of developments. After working closely with our new energy broker, significant savings have been made to the communal gas and electricity costs after the increases we have seen in prior years. These savings have helped to mitigate the increases seen within other areas of the budget.

⊗ **Health & Safety** – In line with the recently updated legislation relating to the Building Safety Act 2022, there are increased ongoing requirements and various 'one-off' surveys which are required to be carried out for 'High Rise Buildings' and now 'Mid-Rise Schemes' (of which Rede House is classified as).

These surveys are included within the budget for this financial year as **One-Off Costs**. Please see the budget notes for further details of what the one-off costs are and why they are required. **Please note these are expenditure items only required within the current financial year and can be removed from the budget for**

**future years. These costs have been split out within the budget to provide clarification on what impact these one-off costs have for this year alone and to provide reassurance that we should see a reduction in next year's budget as these costs will not be required.**

⊗ **Insurance** – Xenia Estates works with an insurance broker who go to market on an annual basis to achieve the best possible premium and cover for our developments. The insurance market continues to be very competitive, with various restrictions being placed on residential high-rise buildings. Following the tragic events of Grenfell, we have seen fire safety, fire safety assessments and intrusive building surveys all having a direct impact on the insurance market which is anticipated to continue for the foreseeable future. The general rise in inflation is also resulting in reinstatement costs being higher thus influencing insurance premiums. As a result, the insurance premium is anticipated to increase.

⊗ **Compliance & Risk Fee & Compliance Software** - Following the new legislation introduced following the Grenfell Tower incident (The Building Safety Act 2022), there are more onerous requirements of Managing Agents in regards to the overall compliance and health & safety risk of managed developments. This fee has been set on the associated requirements relative to the height and complexities of the individual development, in line with the requirements of the new regulations, to facilitate the delivery of the additional duties. The budget is now inclusive of the utilisation of new Compliance software which will allow greater control and governance across our portfolio in relation to compliance.

⊗ **Reserve Fund** – The contribution to reserves sees a reduction from £16,606 to £10,000. This is to allow for improvement works to be completed such as redecoration or refurbishment of the communal areas. It can also be used to contribute to any remedial works which may be identified as a result of the various surveys required in connection with the Building Safety Act Requirements.

## Summary

As has been disclosed in previous years, leaseholders are reminded that this budget is an estimation of expenditure for the service charge year and not guaranteed / actual costs. Following an external audit of the year-end accounts and expenditure, a balancing charge may be required for a deficit (overspend) of the service charge budget. Alternatively, any surplus (underspend) of the service charge year-end accounts will result in your proportion being returned to you. We always endeavor to provide a robust budget that will minimise the likelihood of additional levies being necessary.

We monitor the financial performance of our developments on a regular basis and, if any action needs to be taken to mitigate anticipated issues, it will be conducted during the interim reviews rather than waiting until the end of the financial period.

Furthermore, all costs relating to the management and upkeep of the development's services and equipment are tendered, where required, to ensure the assets are maintained to the required standards but to also ensure we are achieving the best value for money for all involved.

## Payment

In order to facilitate continuity of services, we kindly ask that you please arrange for payment to be made of the enclosed invoice in line with the payment date specified.

Please note, if you are a client of **Xenia Lettings**, the service charges due will be deducted from the rental income received – there is no payment required.

If in doubt, please contact a member of the Lettings Team –  
**0330 995 7271 / [contact@xenialettings.com](mailto:contact@xenialettings.com)**.

Account details for payment can be found on the invoice but for ease please also find them below.

**Payment Reference :** Found on your invoice\*  
**Account Name:** Xenia Estates Services Limited  
**Account Number:** 13176282  
**Sort Code:** 201071

*\*Please ensure you state your individual account reference noted on your invoice when making payments – this allows the payment to be easily identified and allocated to your account.*

Should you have any difficulty in arranging payment of the invoice due, please do not hesitate to get in touch to discuss the options available to you.

Finally, should you have any questions in regard to the service charge budget or any matter relating to the development, please contact a member of the team who will be happy to help.

Yours sincerely,

**Shabnam Shahid | Estates Manager**

And The *Xenia Estates Team*





## Service Charge Budget

### Rede House

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Created by: insert name

## Budget for the Year Ending 31st August 2025 V001

Presented to:

### **F.D.I Freeholds Ltd**

300 St Mary's Road  
Garston  
Liverpool  
L19 0NQ  
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**XENIA  
ESTATES**

## **Important Note on the Budget**

This budget has been prepared as a draft budget based on information supplied by F.D.I Freeholds Ltd and from our previous management experience within our wider portfolio. This budget is therefore subject to change and any variation in expenditure will be consolidated at the end of the financial year.

Actual Service Charge costs can vary from estimated expenditure through the course of a year and demands for payment may be higher than the levels stated in this budget. Liability for the payment of any deficit at the year end rests with the owners under the terms of the Lease. However, Xenia Estates is a pro-active Managing Agent and will endeavour to work within the realms of the budget resulting in any increases to actual expenditure being as minimal as possible.

Soft Services		
1	Communal Cleaning	A provision for the cleaning of the communal areas on a weekly basis.
2	Summer Clean	A provision for the cleaning of the individual student rooms in preparation for the new academic year - this has been removed from the service charge budget and will now be charged via the individual landlord accounts, to be deducted from the rental income.
3	Window Cleaning	A provision has been made for the cleaning of the communal and external windows twice per annum.

Maintenance Costs		
4	External General Maintenance	A provision for repairs and items of maintenance as required from time to time to the exterior of the building. The cost of such items will vary and is therefore inherently difficult to predict.
5	Internal General Maintenance	A provision for repairs and items of maintenance as required from time to time to the communal corridors and internal areas of the building. The cost of such items will vary and is therefore inherently difficult to predict.
6	Door Entry System	A provision has been allocated for the maintenance of the door entry system.
7	Lightening Protection	A provision for the inspection and maintenance of the Lightening Conduction/Protection System - inspected annually.
8	Drain/Gulley Clearance	A provision for any works required to communal drains and gullies which may be necessary from time to time.
9	Pest Control	A provision to facilitate any pest control services which may be required onsite on an adhoc basis.
10	Waste Management	A provision for bulk refuse collection and cleaning of bin store area
11	CCTV Maintenance	A provision for the maintenance of the CCTV system throughout the development
12	Office and Gym Equipment	A provision for the maintenance and inspections of the communal gym equipment onsite and / or office facilities.

Fire Defences		
13	Fire System Maintenance	A provision to cover the costs associated with the regular tests and maintenance of the fire alarm panel. Fire alarm panel to be tested on a weekly basis by a competent person in addition to the statutory regime of bi-annual inspections to be carried out by the maintenance service contractor.
14	Automatic Opening Vent	A provision to cover the costs associated with the regular tests and maintenance of the automatic opening vents. To be carried out twice per annum.
15	Dry Riser Maintenance	A provision to cover the costs associated with the regular tests and maintenance of the dry riser system. To be carried out twice per annum.
16	Disabled Refuge	A provision to cover the costs associated with the regular tests and maintenance of the Disabled Refuge. To be carried out twice per annum.
17	Emergency Lighting	A provision to cover the costs associated with the regular tests and maintenance of the emergency lighting system. To be carried out twice per annum. The statutory weekly tests will be carried out by the cleaners onsite.

Water & Heating		
18	Water Tank/Pump Maintenance	A provision for the regular maintenance of the water tank and pump systems within the building - inspections half yearly.
19	Boiler Maintenance	A provision for the regular maintenance and inspections of the communal boiler for the development - inspected annually.
20	Water Supply Testing	A provision for the regular health and safety testing of the water supply and tanks within the building - inspected annually.

Lifts		
21	Lift Maintenance	A provision to cover the costs of a fully comprehensive lift contract, inclusive of all call outs, 6 maintenance and service visits & lift line / GSM system and usage. Additional provision for repairs not included within the contract (mis-use).
22	Lift Repairs	A provision for any repairs required for the lift outside of the maintenance contract.
23	Emergency Lift Telephone Line (Lifts)	A provision for the line rental and usage of the phone line / GSM system associated with the lift.

Utilities		
24	Communal Electricity	A provision for the supply of electricity to the common areas for the lighting and any other electrical communal assets throughout the development.
25	Communal Gas Supply	A provision for the costs of communal gas usage on site.
26	Waste Water / Sewage	A provision for the costs of waste water/ sewage usage on site.
27	Water Supply	A provision for the costs of the water usage on site.
28	TV Licensing	A provision for the cost of the TV License for the development.

29	Broadband	A provision for the costs of the broadband available throughout the development.
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**Health & Safety (Ongoing Costs)**

30	Health, Safety & Fire Risk Assessment	A provision for the combined Health, Safety & Fire Risk Assessments to be carried out annually. This is also inclusive of a provision of a Reinstatement Cost Assessment - a survey to assess the rebuild cost of the development to ensure the appropriate level of insurance is placed. To be carried out every 3 years.
32	PIB Box	A provision for the cost for a Premises Information (PIB) Box as required for a secure facility to store information about the building for use by the fire service during an incident. This is a mandatory requirement for high-rise residential buildings in conjunction with the newly introduced Regulations.
31	Fire Door Inspections	A provision to cover the costs to facilitate fire door inspections - communal doors to be inspected / sampled on a quarterly basis, apartment doors to be testing annually.
33	5 Year Electrical Safety Testing (EICR)	The provision for 5 year statutory electrical testing for the communal areas - to be accrued for and collected year on year.
34	PAT Testing	The provision to allow for PAT Testing for any electrical items within the individual rooms & communal areas.
35	Gas Safety Certificate	A provision for a Gas Safety Certificate to be carried out annually.

**Health & Safety (One off Costs)**

*The below costs are 'one off costs' that are required solely for this years budget in line with the recently changed Fire Safety Legislation. For future years budgets these costs will be removed - ongoing H&S related costs can be found within the above heading,*

36	Building Safety Case	As per the Building Safety Act, high rise buildings of over 18 meters / 7 stories high are required to apply for a Building Assessment Certificate. To apply for this, the Principle Accountable Person should submit a Building Safety Case to the Building Safety Regulator. A Building Safety Case is a process of pulling together any information and supporting evidence used to manage the risk of fire spread and the structural safety of a building. The safety case summary report outlines the significant fire and structural hazards of the building and demonstrates that the Accountable Person is taking action to identify, manage and mitigate fire and structural risks. Once the initial case is submitted it will constantly be updated to be a true representation of the developments' risk stance.
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**Insurance**

37	Buildings Insurance	A provision to cover the costs of buildings and property owners liability insurance for the development including Terrorism Insurance. This is arranged by a broker to ensure that the best possible values are achieved with insured values being based on values obtained from a Reinstatement Cost Assessment.
38	Engineering Insurance	A provision to cover the costs of the Engineering insurance for the Lift.
39	Student Contents Insurance	A provision to cover the costs of contents insurance in relation to contents within the individual apartments (student demised areas).

**Management & Administration**

40	Management Fees	Fee for the provision of services provided by Xenia Estates in accordance with the Management Contract and Service Level Agreement.
41	Company Secretarial Fees	A provision to provide Company Secretarial Services as required at Companies House for the Management Company.
42	Service Charge Accounts Preparation	A provision for the cost of third party accountancy services in the preparation of end of year accounts for the service charge company.
43	Accountancy Audit / Certification	A provision for the costs of external independent certification of the Service Charge Accounts.
44	Compliance & Risk Management	Fee for the management of the overall compliance and health & safety risk of the development including any requirements as per the new Building Safety Act regulations.
45	Compliance Software	A provision for a dynamic reporting, software tool that helps manage and report on compliance, health & safety, environment and quality on site.
46	Out of Hours	Fee associated with the provision of an Out of Hours emergency contact number for residents, provided by a Third Party with access to Xenia Estates information. This service is available to residents and contractors 24 hours a day, 7 days a week which allows emergencies to be dealt with as efficiently as possible.

**Staff Costs**

47	Site Staff Salaries	A provision for the costs associated with employment of staff on site.
48	Off Site Concierge	A provision for the off-site concierge service inclusive of monitoring the CCTV.
49	Shared Office Costs	A provision for the costs associated with any office costs.

**Contribution to Reserves**

50	Reserve Fund	The allowance for a sum to be set aside for the future items of major expenditure inclusive of works required to any assets onsite, any redecoration or improvements or any unforeseen expenditure. This figure is estimated and not based on precise life-time costings. The reserve fund may also be used for cashflow purposes which may arise in the event of arrears and to also ensure any unbudgeted costs can continue to be funded when necessary.
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	Notes	Residential S/Charge (£)	Building S/Charge (£)	Budget Total	Previous Budget Cost	Variance (£)	Variance (%)
<b>Soft Services</b>							
Communal Cleaning	1	£15,238.65	£0.00	£15,238.65	£14,513.00	£725.65	5.00%
Summer Clean	2	£0.00	£0.00	£0.00	£15,600.00	-£15,600.00	-100.00%
Window Cleaning	3	£0.00	£3,775.20	£3,775.20	£2,200.00	£1,575.20	71.60%
		<b>£15,238.65</b>	<b>£3,775.20</b>	<b>£19,013.85</b>	<b>£32,313.00</b>	<b>-£13,299.15</b>	<b>-41.16%</b>
<b>Maintenance Costs</b>							
External General Maintenance	4	£10,000.00	£0.00	£10,000.00	£10,000.00	£0.00	0.00%
Internal General Maintenance	5	£8,500.00	£0.00	£8,500.00	£8,500.00	£0.00	0.00%
Door Entry System	6	£2,000.00	£0.00	£2,000.00	£2,000.00	£0.00	0.00%
Lightning Protection	7	£0.00	£250.00	£250.00	£250.00	£0.00	0.00%
Drain/Gulley Clearance	8	£1,000.00	£0.00	£1,000.00	£1,000.00	£0.00	0.00%
Pest Control	9	£400.00	£0.00	£400.00	£400.00	£0.00	0.00%
Waste Management	10	£600.00	£0.00	£600.00	£600.00	£0.00	0.00%
CCTV Maintenance	11	£1,200.00	£0.00	£1,200.00	£1,400.00	-£200.00	-14.29%
Office and Gym Equipment	12	£1,000.00	£0.00	£1,000.00	£1,000.00	£0.00	0.00%
		<b>£24,700.00</b>	<b>£250.00</b>	<b>£24,950.00</b>	<b>£25,150.00</b>	<b>-£200.00</b>	<b>-0.80%</b>
<b>Fire Defences</b>							
Fire System Maintenance	13	£0.00	£2,525.00	£2,525.00	£2,310.00	£215.00	9.31%
Automatic Opening Vent	14	£650.00	£0.00	£650.00	£246.00	£404.00	164.23%
Dry Riser Maintenance	15	£765.60	£0.00	£765.60	£924.00	-£158.40	-17.14%
Disabled Refuge	16	£382.80	£0.00	£382.80	£0.00	£382.80	#DIV/0!
Emergency Lighting	17	£432.40	£0.00	£432.40	£660.00	-£227.60	-34.48%
		<b>£2,230.80</b>	<b>£2,525.00</b>	<b>£4,755.80</b>	<b>£4,140.00</b>	<b>£615.80</b>	<b>14.87%</b>
<b>Water / Heating</b>							
Water Tank/Pump Maintenance	18	£1,000.00	£0.00	£1,000.00	£1,000.00	£0.00	0.00%
Boiler Maintenance	19	£1,500.00	£0.00	£1,500.00	£1,320.00	-£320.00	-24.24%
Water Supply Testing	20	£1,500.00	£0.00	£1,500.00	£2,134.00	-£634.00	-29.71%
		<b>£3,500.00</b>	<b>£0.00</b>	<b>£3,500.00</b>	<b>£4,454.00</b>	<b>£0.00</b>	<b>0.00%</b>
<b>Lifts</b>							
Lift Maintenance	21	£1,755.00	£0.00	£1,755.00	£2,761.00	-£1,006.00	-36.44%
Lift Repairs	22	£1,500.00	£0.00	£1,500.00	£0.00	£1,500.00	#DIV/0!
Emergency Lift Telephone Line (Lifts)	23	£250.00	£0.00	£250.00	£0.00	£250.00	#DIV/0!
		<b>£3,505.00</b>	<b>£0.00</b>	<b>£3,505.00</b>	<b>£2,761.00</b>	<b>£0.00</b>	<b>0.00%</b>
<b>Utilities</b>							
Communal Electricity	24	£91,500.00	£0.00	£91,500.00	£100,458.00	-£8,958.00	-8.92%
Communal Gas Supply	25	£72,500.00	£0.00	£72,500.00	£95,848.00	-£23,348.00	-24.36%
Waste Water / Sewage	26	£0.00	£13,200.00	£13,200.00	£0.00	£13,200.00	#DIV/0!
Water Supply	27	£0.00	£13,200.00	£13,200.00	£26,400.00	-£13,200.00	-50.00%
TV Licensing	28	£3,045.00	£0.00	£3,045.00	£2,743.00	£302.00	11.01%
Broadband	29	£47,025.69	£0.00	£47,025.69	£38,880.00	£8,145.69	20.95%
		<b>£214,070.69</b>	<b>£26,400.00</b>	<b>£240,470.69</b>	<b>£278,815.00</b>	<b>-£38,344.31</b>	<b>-13.75%</b>
<b>Health &amp; Safety (Ongoing Costs)</b>							
Health, Safety & Fire Risk Assessment	30	£6,200.00	£0.00	£6,200.00	£4,200.00	£2,000.00	47.62%
Fire Door Inspections	31	£4,308.00	£0.00	£4,308.00	£4,308.00	£0.00	0.00%
PIB Box	32	£3,000.00	£0.00	£3,000.00	£0.00	£3,000.00	#DIV/0!
5 Year Electrical Safety Testing (EICR)	33	£0.00	£0.00	£0.00	£3,600.00	-£3,600.00	-100.00%
PAT Testing	34	£1,200.00	£0.00	£1,200.00	£1,200.00	£0.00	0.00%
Gas Safety Certificate	35	£500.00	£0.00	£500.00	£500.00	£0.00	0.00%
		<b>£15,208.00</b>	<b>£0.00</b>	<b>£15,208.00</b>	<b>£13,808.00</b>	<b>£1,400.00</b>	<b>10.14%</b>
<b>Health &amp; Safety (One Off Costs)</b>							
Building Safety Case	36	£12,000.00	£0.00	£12,000.00	£0.00	£12,000.00	#DIV/0!
		<b>£12,000.00</b>	<b>£0.00</b>	<b>£12,000.00</b>	<b>£66,161.00</b>	<b>-£54,161.00</b>	<b>-£0.82</b>
<b>Insurance</b>							
Buildings Insurance	37	£0.00	£48,500.00	£48,500.00	£35,915.00	£12,585.00	35.04%
Engineering Insurance	38	£1,950.00	£0.00	£1,950.00	£1,817.00	£133.00	7.32%
Student Contents Insurance	39	£1,000.00	£0.00	£1,000.00	£2,177.00	-£1,177.00	-54.07%
		<b>£2,950.00</b>	<b>£48,500.00</b>	<b>£51,450.00</b>	<b>£39,909.00</b>	<b>£11,541.00</b>	<b>28.92%</b>
<b>Management &amp; Administration</b>							
Management Fees	40	£79,350.60	£5,654.25	£85,004.85	£80,957.00	£4,047.85	5.00%
Company Secretarial Fees	41	£395.00	£0.00	£395.00	£0.00	£395.00	#DIV/0!
Service Charge Accounts Preparation	42	£1,200.00	£0.00	£1,200.00	£0.00	£1,200.00	#DIV/0!
Accountancy Audit / Certification	43	£450.00	£0.00	£450.00	£1,616.00	-£1,166.00	-72.15%
Compliance & Risk Management	44	£5,040.00	£0.00	£5,040.00	£4,800.00	£240.00	5.00%
Compliance Software	45	£250.00	£0.00	£250.00	£0.00	£250.00	#DIV/0!
Out of Hours	46	£6,912.00	£0.00	£6,912.00	£6,912.00	£0.00	0.00%
		<b>£93,597.60</b>	<b>£5,654.25</b>	<b>£99,251.85</b>	<b>£94,285.00</b>	<b>£4,966.85</b>	<b>5.27%</b>
<b>Staff Costs</b>							
Site Staff Salaries	47	£76,952.36	£0.00	£76,952.36	£70,148.00	£6,804.36	9.70%
Off Site Concierge	48	£8,100.00	£0.00	£8,100.00	£8,100.00	£0.00	0.00%
Shared Office Costs	49	£1,000.00	£0.00	£1,000.00	£1,000.00	£0.00	0.00%
		<b>£86,052.36</b>	<b>£0.00</b>	<b>£86,052.36</b>	<b>£79,248.00</b>	<b>£6,804.36</b>	<b>8.59%</b>
<b>Contribution to Reserves</b>							
Reserve Fund	50	£10,000.00	£6,606.00	£16,606.00	£16,606.00	£0.00	0.00%
		<b>£10,000.00</b>	<b>£6,606.00</b>	<b>£16,606.00</b>	<b>£16,606.00</b>	<b>£0.00</b>	<b>0.00%</b>
<b>Ongoing Costs</b>		<b>£471,053.10</b>	<b>£93,710.45</b>	<b>£564,763.55</b>	<b>£591,489.00</b>	<b>-£26,515.45</b>	<b>-4%</b>

	Notes	Residential S/Charge (£)	Building S/Charge (£)	Budget Total	Previous Budget Cost	Variance (£)	Variance (%)
<b>One Off Costs</b>		<b>£12,000.00</b>	<b>£0.00</b>	<b>£12,000.00</b>	<b>£66,161.00</b>	<b>-£54,161.00</b>	<b>-82%</b>
<b>Total Cost</b>		<b>£483,053.10</b>	<b>£93,710.45</b>	<b>£576,763.55</b>	<b>£657,650.00</b>	<b>-£80,676.45</b>	<b>-12%</b>

See Budget Matrix for details of how the service charges are apportioned.

Please note that the 'Important Notes on the Budget' form part of this budget pack and should be read in conjunction with the other statements in this budget pack. This budget may be subject to change and all costs are inclusive of VAT where appropriate.