



125 Hinckley Road

Leicester

LE3 0TF

Service Charge Budget Report

25th March 2023 to 24th March 2024



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Johnson Fellows. Charter House, Newhall Street, Birmingham, B3 1SW





Introduction

Historically, Tesco have maintained the communal areas at Hinckley Road. As all of the tenants benefit from the use of the communal areas and are liable to contribute towards their upkeep under the terms of their leases a service charge has been introduced in order that all of the tenants contribute towards the communal costs.

This report has been produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Limited. It is intended to provide details of the planned expenditure for the service charge year ending 25th March 2024. A Budget Variance Schedule can be seen in Appendix B.

The Property

The premises consists of a parade of 4 retail units and one void unit. It is located within 1 mile of Leicester city centre and has access off A563 Hinckley Road roundabout. The site benefits from a front car parking facility, landscaped area and rear service yard which are maintained directly by the service charge.

Voids and Concessions

The service charge for any void lettable units or attributable to any service charge concessions is the responsibility of the Landlord.

VAT

The Landlord has elected the property for VAT.

The service charge payable by the commercial lessees will have VAT charged at the standard rate.

Banking

Due to the general level of service charge funds, they are not maintained within a discrete bank account. The funds are held within the Johnson Fellows Clients Account which is maintained with Barclays Bank plc. As a consequence the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.

Interest charged on late payment of service charge by tenants is to be credited to the service charge.

There is no sinking fund or reserve fund.



Service Charge Objectives

The object of this budget report is to provide clear explanation of the planned service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency and to allow the leaseholders to budget accurately for the forthcoming year.

We encourage leaseholders to provide comments on the format and/or the information contained in this report which would assist in the report being improved for the benefit of all concerned. We would also welcome constructive feedback on the communal services provided at the property.

As Managing Agents, Johnson Fellows aim to provide a high quality management service in order to provide a well maintained environment, and delivering value for money for the service charge expenditure.

The service charge is administered having regard to Service Charges in Commercial Property, First Edition.



Management Team

Facilities Manager:

Robert Scott
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0407
Mobile: 07540 732 602
Email: robert.scott@johnsonfellows.co.uk

Robert Scott is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Maria Lazenbury
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0454
Mobile: 07884 352 576
Email: maria.lazenbury@johnsonfellows.co.uk

Maria Lazenbury is responsible for the overall management of the property.

Service Charge Accountant:

Rebecca Glover
Client Accounts
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0405
Email: rebecca.glover@johnsonfellows.co.uk

Rebecca Glover is the client accountant responsible for this property.



Service Charge Apportionment

The service charge provisions are set out in each tenants lease. These consistently provide for each tenant to pay a due proportion of the service charge which is attributable to each tenant's premises. The due proportion is based primarily on the net internal area of each property relative to the total net internal area of all units. If such apportionment is inappropriate, the Landlord has reasonable discretion to adopt such other due proportion as is fair and reasonable. This may include attributing the whole expenditure to a particular unit.

The net internal areas for the commercial units have been obtained from the 2010 ratings list on the VOA website.

The costs included within the budget for Schedule 1 relate to the repair and maintenance of the communal areas. The communal areas are defined as the car park located at the front of the parade on Hinckley Road, and a strip of land located at the rear of the parade on Stretton Road. All tenants contribute towards Schedule 1.

Schedule 2 relates to any Building repairs required to units 1 & 2, and only the leaseholders of units 1 & 2 contribute towards these costs.

The service charge percentage apportionments are detailed in Appendix A.



Budget Commentary

SCHEDULE 1

All figures are shown net of VAT

- **Boundary Maintenance** **£500**

Adhoc costs for any unforeseen repairs or graffiti removal.

- **Car Park Maintenance** **£1,000**

Ad hoc repairs to the car park.

- **External Cleaning** **£1,000**

This covers the cleaning of the car park area. Also included is a contingency should any additional cleaning, refuse removal or fly tipping removal be required during the year.

- **Drainage** **£800**

Annual cost for the flush out of the drainage system.

- **External Landscape** **£1,250**

Two 6 monthly visits to attend to the high-level tree pruning and monthly visits cut back of vegetation to the raised beds at the front of the site, and litter pick.

- **Health and Safety** **£750**

This is the cost of undertaking a whole site health and safety report.

- **Snow clearance / Gritting** **£1,000**

The estimated cost of gritting the car park and pathways during bad weather periods.

- **Audit Fee** **£250**

The RICS Service Charge Code of Practice states that service charge accounts should be independently certified on an annual basis.

- **Management Fee** **£7,442**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation.

- **Facilities Management** **£1,381**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works.



Total

Schedule 1 **£15,373**

SCHEDULE 2

All figures are shown net of VAT

- **Building Repair** **£500**

A contingency for any building repairs that may be required to units 1 and 2.

Total

Schedule 2 **£500**

Maria Lazenbury
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Management Surveyor

Rob Scott
.....
Facilities Manager



Appendix A

125 Hinckley Road, Leicester, LE3 0TF

Service Charge Apportionment Schedule

Unit	Schedule	Area (sq m)	Percentage
Warehouse	1	624.65	43.61%
Unit 1	1	77.44	5.41%
Unit 2	1	74.18	5.18%
Supermarket	1	400.61	27.97%
House	1	255.48	17.84%
	1 Total	1432.36	100.00%
Unit	Schedule	Area (sq m)	Percentage
Unit 1	2	77.44	51.08%
Unit 2	2	74.18	48.92%
	2 Total	151.62	100.00%



Appendix B

Leicester:125 Hinckley Road S/C (01687)

Service Charge Budget Comparison

Recovery Group = sc

Tree = ysi_bf

Reconciliation Period = 25/03/2023-24/03/2024

*Amounts in gbp

Code	Description	Budget (03/2024)	Budget (03/2023)	Variance	%
1	Schedule 1				
5100-0101	Management Fee	7,441.89	6,562.00	879.89	13.4089%
5100-0203	S/C Audit Fees	250.00	250.00	0.00	0.0000%
5100-0309	Facilities Manager	1,381.32	1,218.00	163.32	13.4089%
5100-0402	Health & Safety	750.00	750.00	0.00	0.0000%
5300-1002	External Cleaning	1,000.00	1,000.00	0.00	0.0000%
5300-1009	External Landscaping	1,250.00	1,000.00	250.00	25.0000%
5300-1010	Snow clearance / Gritting	1,000.00	1,000.00	0.00	0.0000%
5300-1016	Drainage	800.00	800.00	0.00	0.0000%
5400-1505	Car Park Maintenance	1,000.00	1,000.00	0.00	0.0000%
5400-1525	Boundary Maintenance	500.00	500.00	0.00	0.0000%
	Schedule Total	15,373.21	14,080.00	1,293.21	9.1847%
2	Schedule 2				
5400-1530	Building Repair	500.00	500.00	0.00	0.0000%
	Schedule Total	500.00	500.00	0.00	0.0000%
	Total	15,873.21	14,580.00	1,293.21	8.8698%