



JOHNSON FELLOWS
CHARTERED SURVEYORS

Monarch Drive & Martley Road

Henwick Park

Worcester

WR2 6EU

Service Charge Budget Report

24th June 2023 to 23rd June 2024



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





Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Robin N Johnson. It is intended to provide details of the estimated expenditure for the service charge year commencing 24th June 2023.

The service charge is administered having regard to RICS Professional Statement; Service Charges in Commercial Property; 1st Edition.

The Property

The property is located at the junction of Monarch Drive and Martley Road. It is situated approximately 2 miles to the west of Worcester City Centre. The premises consist of a parade of ground floor retail units, with residential flats above. There is a customer car park to the front of the property and a private service road providing vehicular access to the rear. Communal staircases lead to a walkway terrace, which provides access to the residential flats.

Units of 28a, 28b & 38a Martley Road are held under a separate company name of Litein Estates. The service charge is operated on behalf of Robin N Johnson as the owner of all other units and the communal areas. Any costs associated with the physical structures of units 28a, 28b & 38a will be excluded from the service charge.

Service Charge Objectives

The objective of Johnson Fellows as Managing Agents is to provide a high-quality management service. In so doing we aim to provide a well-maintained environment, delivering value for money for the service charge expenditure.

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

Should any occupier have comments on the format, or the information contained in this report which would assist in the report being improved for the benefit of all concerned, these comments would be welcomed. We would also welcome constructive feedback on the communal services provided at the property.

Voids and Concessions

Where any void units exist, the responsibility for the payment of the service charge rests with the Landlord. The Landlord is also responsible for the payment of the service charge in respect of the residential flats that are let on an Assured Shorthold Tenancy basis.

VAT

The property is not elected for VAT. Therefore, all expenditure stated within the report is gross of VAT.



Banking

Due to the general level of service charge funds, we do not maintain a discrete bank account for the service charge at this property. The funds are held within the Johnson Fellows Client Account, which is maintained by Barclays Bank plc. As a consequence, the service charge is not credited with any interest, nor are any bank charges allocated to the service charge.

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

There is no sinking fund or reserve fund.

Residential Service Charge Obligations

In accordance with the Landlord & Tenant Act 1987, Section 48 we can confirm that the Landlord is Robin N Johnson and their address for the service of notices is Unit 15 Enfield Industrial Estate, Redditch, Worcestershire, B97 6BG.

Please refer to the enclosed details at Appendix C for the relevant legislation of residential long leaseholder's rights and obligations which are relevant to the service charge. Any individual works required where any residential long leaseholders' contribution exceeds £250 plus VAT, we will consult the relevant leaseholders.



Service Charge Apportionment

The service charge is apportioned over two schedules. This is due to the split ownership arrangement. All units contribute towards Schedule 1, which includes costs associated with the shared communal areas. Units 28a, 28b & 38a Martley Road do not contribute towards Schedule 2, which covers costs in respect of the building structure. Works required to the building structure of Units 28a, 28b & 38a Martley Road are dealt with outside of the scope of the service charge.

Schedule 1: All Units

Schedule 2: All Units excluding 28a, 28b & 38a Martley Road

The apportionments are based on the gross internal floor area for each unit. Costs that are shared between the schedules such as the Management Fee are apportioned based on the level of other expenditure within the schedule.

An Apportionment Schedule is attached at Appendix A.



Management Team

Facilities Manager:

Chris Monteith
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0409
Mobile: 07786 072 755
Email: chris.monteith@johnsonfellows.co.uk

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Angela Lindop
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Email: angela.lindop@johnsonfellows.co.uk

Angela Lindop 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.



Budget Commentary

SCHEDULE 1 – All Units

All figures are shown gross of VAT

- **External Cleaning** **£5,500.00**

The cost heading allows for the services of a cleaner/caretaker to clean, sweep and maintain the external communal areas during the service charge year. The contract provides for 6 hours per week. The budget has been increased due to market forces that have increased contractor costs. A small contingency for any additional ad-hoc works.

- **Electrical Repair** **£2,500.00**

The budget heading will allow for any planned and /or unforeseen electrical repairs throughout the service charge year. The budget has been increased to allow for additional expenditure required to install additional lighting to the 1st floor.

- **Landscaping** **£875.00**

The budget allows for monthly visits for the general upkeep of the landscaped communal areas of the property, including weeding and the cutting back of plant material throughout the growing season. This cost has been maintained for the budget year.

- **Gritting** **£1,000.00**

This heading is the estimated cost of gritting through the winter months. This cost has been increased based on the required number of visits in the previous service charge year. The cost per visit is £30. We have estimated 33 visits.

- **External Repair** **£3,000.00**

The cost heading allows for various repairs to be completed throughout the service charge year in respect of the external service area, car park and paving.

- **Electrical Supply** **£650.00**

The estimated cost figure is for the electricity supply to the communal areas. The budget has been slightly increased due to anticipated changes in new energy contracts.

- **Health & Safety** **£500.00**

The proposed expenditure is for the preparation of a health & safety audit at the site in respect of the communal areas. The budget has been maintained at the same level.



- **Audit Fee** **£267.00**

The budget allows for an independent accountant to certify the service charge expenditure for the year as recommended by the RICS Service Charge Code of Practice. The total cost of £300 is split between both schedules on an 85% / 15% basis.

- **Management Fee** **£3,435.70.**

The figure represents the costs incurred for the preparation and management of the service charge budget, the general management of the property for the 12 month period and periodic inspections. The fixed fee is increased annually in line with the Retail Price Index. The total fee of £4,042.09 is split between both schedules on an 85% /15% basis.

- **Facilities Management** **£652.80.**

The facilities management fee covers the costs for organising and supervising the various contracts in place, dealing with items of maintenance and ensuring legislative compliance. This has been increased in line with the Retail Price Index. The total cost of £768.46 is split between both schedules on an 85%/15% basis.

Total

Schedule 1 **£18,380.50**



SCHEDULE 2 – All Units excluding 28a, 28b & 38a Martley Road

All figures are shown gross of VAT

- **Building Repair** **£2,500.00**

The cost is for any anticipated repairs relating to the building structure of the original units. The budget has been increased to allow for works to re- felt further sections of the roof.

- **Audit Fee** **£33.00**

The budget allows for an independent accountant to certify the service charge expenditure for the year as recommended by the RICS Service Charge Code of Practice. The total cost of £300 is split between both schedules on an 85%/15% basis.

- **Management Fee** **£606.30**

The figure represents the costs incurred for the preparation and management of the service charge budget, the general management of the property for the 12 month period and periodic inspections. The fixed fee is increased annually in line with the Retail Price Index. The total fee of £4,041.74 is split between both schedules on an 85%/15% basis.

- **Facilities Management** **£115.20**

The facilities management fee covers the costs for organising and supervising the various contracts in place, dealing with items of maintenance and ensuring legislative compliance. This has been increased in line with the Retail Price Index. The total cost of £768.46 is split between both schedules on an 85%/15% basis.

Total

Schedule 2 **£3,254.50**

A Lindop

.....
Management Surveyor

.....
Facilities Manager

Dated 31 May 2023

Dated 31 May 2023



Appendix A

Monarch Drive & Martley Road, Henwick Park, Worcester, WR2 6EU

Service Charge Apportionment Schedule

24th June 2023 to 23rd June 2024

Unit	Schedule	Percentage
20 Martley Rd	1	12.75%
22 Martley Rd	1	9.23%
24-28 Martley Rd	1	21.00%
28a Martley Rd	1	7.78%
28b Martley Rd	1	5.05%
138 Monarch Dr	1	9.14%
140 Monarch Dr	1	9.14%
142 Monarch Dr	1	9.13%
Flat 34	1	3.75%
Flat 36	1	3.75%
Flat 38	1	3.82%
Flat 38a	1	5.46%
1 Total		100.00%
20 Martley Rd	2	15.60%
22 Martley Rd	2	11.30%
24-28 Martley Rd	2	25.70%
138 Monarch Dr	2	11.20%
140 Monarch Dr	2	11.20%
142 Monarch Dr	2	11.10%
Flat 34	2	4.60%
Flat 36	2	4.60%
Flat 38	2	4.70%
2 Total		100.00%



Appendix B

Monarch Drive & Martley Road, Henwick Park, Worcester, WR2 6EU

Service Charge Variance Schedule

24th June 2023 to 23rd June 2024

The property is not VAT registered. All figures shown gross of VAT.

Service Charge Item	Schedule	Budget 2022/2023	Budget 2023/2024	Budget v Budget Variance £
Cleaning	1	£5,000.00	£5,500.00	£500.00
Electrical Repair	1	£300.00	£2,500.00	£2,200.00
Landscaping	1	£875.00	£875.00	£0.00
Gritting	1	£750.00	£1,000.00	£250.00
External Repair	1	£4,000.00	£3,000.00	-£1,000.00
Electricity Supply	1	£600.00	£650.00	£50.00
Health & Safety	1	£500.00	£500.00	£0.00
Audit Fees	1	£267.00	£267.00	£0.00
Management Fees	1	£3,169.00	£3,435.70	£266.70
Facilities Management	1	£603.00	£652.80	£49.80
	Sch 1 Total	£16,064.00	£18,380.50	£2,316.50
Building Repair	2	£1,500.00	£2,500.00	£1,000.00
Audit Fee	2	£33.00	£33.00	£0.00
Management Fee	2	£392.00	£606.30	£214.30
Facilities Management	2	£74.00	£115.20	£41.20
	Sch 2 Total	£1,999.00	£3,254.50	£1,255.50
	Grand Total	£18,063.00	£21,635.00	£3,572.00



Appendix C

The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007

- (1) This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.
- (2) Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.
- (3) You have the right to ask a leasehold valuation tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine:
 - a. who should pay the service charge and who it should be paid to;
 - b. the amount;
 - c. the date it should be paid by; and
 - d. how it should be paid.

However, you do not have these rights where:

- e. a matter has been agreed or admitted by you;
 - f. a matter has already been, or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose;
 - g. or a matter has been decided by a court.
- (4) If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.
 - (5) Where you seek a determination from a leasehold valuation tribunal, you will have to pay an application fee and, where the matter proceeds to a hearing, a hearing fee, unless you qualify for a waiver or reduction. The total fees payable will not exceed £500, but making an application may incur additional costs, such as professional fees, which you may also have to pay.
 - (6) A leasehold valuation tribunal has the power to award costs, not exceeding £500, against a party to any proceedings where:
 - a. it dismisses a matter because it is frivolous, vexatious or an abuse of process; or
 - b. it considers a party has acted frivolously, vexatiously, abusively, disruptively or unreasonably.

The Lands Tribunal has similar powers when hearing an appeal against a decision of a leasehold valuation tribunal.

- (7) If your landlord:
 - a. proposes works on a building or any other premises that will cost you or any other tenant more than £250, or



- b. proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period,

Your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or a leasehold valuation tribunal has agreed that consultation is not required.

- (8) You have the right to apply to a leasehold valuation tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.
- (9) You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must:
 - a. cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or
 - b. cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods
- (10) The summary must be given to you within 1 month of your request or 6 months of the end of the period to which the summary relates whichever is the later.
- (11) You have the right, within 6 months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.
- (12) You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.
- (13) Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.