



42/48 Clayhanger Lane,

Brownhills,

Walsall,

West Midlands, WS8 7DT

Service Charge Budget Report

29th September 2018 to

28th September 2019



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Introduction

The service charge budget report is intended to provide details of the planned expenditure for the forthcoming service charge year.

A service charge is necessary due to there being communal structures, services and areas.

The Property

The property comprises of two single-storey buildings. The larger building is occupied by Midcounties Coop and trades as a convenience store. The other building is in multiple occupation, comprising three shop units. In between the two buildings is a shared gated service yard and to the front is a car park. A section of car park to the side of the larger building has been fenced off.

The common parts serving the whole property include the car park, service yard, soft landscaped areas and the boundary walls/fences. The communal systems include the external lighting and pump for the drains. The main structure and the external elements of the smaller building is communal to just those tenants who occupy one of the three units.

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 has 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.

Reserve Fund

A reserve fund has not been established.

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.

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:

Neil Wetherell
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0406
Mobile: 07836 313 914
Email: neil.wetherell@johnsonfellows.co.uk

Neil Wetherell 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

Not all common parts of the property serve all occupiers, for this reason we have adopted a number of service charge schedules.

The car park, service yard, lighting and drain pump serve all units and the apportionment of these costs are contained in Schedule 1.

The external and structural common parts of the building in multiple occupation benefits only the occupiers of the building. These costs are allocated to Schedule 2.

All tenant's apportionment percentages for each schedule are noted within the Service Charge Apportionment detailed in Appendix A.



Budget Commentary

SCHEDULE 1 – General

All figures are shown net of VAT

- **Cleaning** **£3,500**

The contract cost inherited from Midcounties for the twice weekly clean of the car park and a small contingency for the removal of fly tipping. The specification for the contract will be reviewed during the year and the contract re-tendered to ensure value for money.

- **Drain Maintenance** **£2,900**

The contract for the maintenance of the drainage pump which was inherited from Midcounties and which will be re-tendered during the year. Also, within this budget is the new contract for the annual flush of the surface water drains serving the car park area and clearing out the roof gutters.

There is also a one-off repair required to the pump required for which competitive quotes have been sourced. This work has previously been advised to tenants who have installed grease traps to mitigate future maintenance costs of the pump.

- **Electrical Repairs** **£250**

This year we will relamp the existing communal light fittings.

We plan next year to replace with new LED fittings to improve the efficiency of the external lighting and reduce maintenance and consumption costs.

- **Landscape - External** **£500**

The cost for two visits to site to attend to the landscaped areas around the car park.

- **Repairs – External** **£1,000**

A budget for reactive repairs to the car park, service yard and boundaries.

- **Gritting** **£750**

The budget for the gritting of the car park, service yard and pedestrian walkways.

- **Electric Supply** **£250**

The sub-metered electric supply to the communal lighting.

- **Statutory Compliance** **£500**

The budget for the annual health and safety audit of the common parts of the property.



- **Insurance** **£0**

The insurance premiums for the building will be recharged directly by Midcounties Co-operative and will no longer form part of the service charge.

- **Audit Fee** **£350**

The service charge code provides for the service charge accounts to be certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts.

- **Management Fee** **£800**

This figure represents 80% of the fee to manage the property and administer the service charge detailed in Schedule 1 which is indexed linked annually to RPI.

- **Facilities Management** **£413**

The figure represents the facilities managers fee to administer the maintenance contracts and organise the repair and maintenance of the common parts. It is a fixed fee indexed linked annually to RPI.

Total

- Schedule 1** **£11,213**

Please note this budget is net of VAT at 20%.



SCHEDULE 2 – Building

All figures are shown net of VAT

- **Building Repair** **£1,000**

The budget for reactive repairs required to the external parts of the building.

- **Decoration – External** **£0**

No external decoration works are planned for this year.

- **Management Fee** **£200**

This figure represents 20% of the fee to manage the property and administer the service charge detailed in Schedule 2 which is indexed linked annually to RPI.

Total

Schedule 2 **£1,200**

Please note this budget is net of VAT at 20%.

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Management Surveyor

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Facilities Manager

3rd September 2018

3rd September 2018

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Dated

.....
Dated



Appendix A

42/48 Clayhanger Lane, Brownhills, Walsall, WS8 7DT

Service Charge Apportionment

29th September 2018 to 28th September 2019

Unit	Schedule	Percentage
42 Clayhanger Lane	1	9.00%
44 Clayhanger Lane	1	9.00%
46 Clayhanger Lane	1	9.00%
D3-427 42/48 Clayhanger Lane	1	73.00%
1 Total		100.00%
42 Clayhanger Lane	2	33.34%
44 Clayhanger Lane	2	33.33%
46 Clayhanger Lane	2	33.33%
2 Total		100.00%
Grand Total		



Appendix B

42/48 Clayhanger Lane, Brownhills, Walsall, WS8 7DT

Service Charge Variance

29th September 2018 to 28th September 2019

The property is VAT registered. Figures for Schedule 1 shown net of VAT.

Service Charge Item	Schedule	Annual Budget 2017/2018	Annual Budget 2018/2019	Budget v Actual Variance %	Budget v Actual Variance £
Cleaning	1	£ 200	£ 3,500	1650%	£ 3,300
Pest Control	1	£ -	£ -	N/A	£ -
Drain Maintenance	1	£ -	£ 2,900	N/A	£ 2,900
Electrical Repairs	1	£ -	£ 250	N/A	£ 250
Landscape - External	1	£ 250	£ 500	100%	£ 250
Repairs - External	1	£ 2,000	£ 1,000	-50%	-£ 1,000
Gritting	1	£ -	£ 750	N/A	£ 750
Electricity Supply	1	£ -	£ 250	N/A	£ 250
Statutory Compliance	1	£ -	£ 500	N/A	£ 500
Insurance	1	£ 800	£ -	-100%	-£ 800
Audit Fees	1	£ -	£ 350	N/A	£ 350
Management Fees	1	£ 250	£ 800	220%	£ 550
Facilities Management	1	£ 400	£ 413	3%	£ 13
1 Total		£ 3,900	£ 11,213	188%	£ 7,313
Building Repair	2	£ -	£ 1,000	N/A	£ 1,000
Decoration - External	1	£ -	£ -	N/A	£ -
Management Fees	2	£ -	£ 200	N/A	£ 200
2 Total		£ -	£ 1,200	N/A	£ 1,200
Grand Total		£ 3,900	£ 12,413	218%	£ 8,513