



JOHNSON FELLOWS
CHARTERED SURVEYORS

42/48 Clayhanger Lane,

Brownhills,

Walsall,

West Midlands, WS8 7DT

Service Charge Expenditure Report

25th December 2017 to

28th September 2018



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Introduction

This service charge report is intended to provide details of the expenditure incurred during the service charge period which we have operated for an initial 9-month period.

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

Johnson Fellows have not previously operated the service charge, so this is the first service charge expenditure report for this property.

As the service charge history is very limited, the service charge will be reviewed annually so that subsequent budgets and expenditure reflect accurately the services required.

The Property

The property comprises of two single-storey buildings. The larger building is exclusively 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 report is to provide clear explanation 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 leaseholders to budget accurately for the service charge.

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 the RICS Code of Practice 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 expenditure is apportioned between all occupiers and these included 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.



Expenditure Commentary

SCHEDULE 1 – General

All figures are shown net of VAT

- **Cleaning** **£2,080**

The contract cost inherited from Midcounties for the twice weekly clean of the car park by Abbey Cleaning. The specification for this contract is being reviewed during 2018/2019 and the contract re-tendered to ensure value for money.

- **Pest Control** **£0**

No pest control contract operated for this service charge period.

- **Drain Maintenance** **£1,513**

The contract for the maintenance of the drainage pump which was inherited from Midcounties and which is being re-tendered during 2018/2019. Within the period there was a reactive callout to unblock a drain and two service visits to maintain the pump. This cost is balanced by the Repair-External budget.

During the period the two hot food takeaway tenants have installed grease traps to mitigate future maintenance costs of the pump.

- **Electrical Repairs** **£0**

No electrical repairs were carried out during the service charge period.

- **Landscape - External** **£500**

There were two visits to site to attend to the landscaped areas around the car park.

- **Repairs – External** **£0**

There were no reactive repairs to the car park, service yard and boundaries, but the budget does balance the expenditure incurred on the maintenance of the drains.

- **Gritting** **£270**

Due to the cold winter, we implemented a gritting programme for the common areas to mitigate the slip hazard for customers.

- **Electric Supply** **£0**

No contribution was paid for the electric supply to the communal lighting during the period.



- **Statutory Compliance** **£0**

Our first annual health and safety audit of the common parts of the property will be undertaken in 2018/2019.

- **Insurance** **£0**

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

- **Audit Fee** **£0**

The service charge code provides for the service charge accounts to be certified annually. However, the expenditure during the initial service charge period means it would be disproportional for an independent accountant to be instructed to do this. For this period Johnson Fellows have certified the service charge certificates.

- **Management Fee** **£188**

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

- **Facilities Management** **£300**

The is 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 **£4,850**

The expenditure exceeded the budget for the nine-month period, mainly due to the cleaning contract which was not reflected in our original budget.

Please note the expenditure is net of VAT at 20%.



SCHEDULE 2 – Building

All figures are shown net of VAT

- **Building Repair** £0

No reactive repairs were required to the external parts of the building.

- **Decoration – External** £0

No external decoration works undertaken in the period.

- **Management Fee** £0

No Management Fee was allocated to this schedule as no costs were incurred in this schedule.

Total

Schedule 2 £0

Please note the expenditure is net of VAT at 20%.

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Management Surveyor

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Facilities Manager

12th February 2019

12th February 2019



Appendix A

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

Service Charge Apportionment

25th December 2017 to 28th September 2018

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%



Appendix B

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

Service Charge Variance

25th December 2017 to 28th September 2018

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

Service Charge Item	Schedule	Budget 2017/2018 (Annual)	Actual 2017/2018 (9 months)	Actual v Budget Variance %	Actual v Budget Variance £
Cleaning	1	£ 200	£ 2,080	940.00%	£ 1,880
Pest Control	1	£ -	£ -	N/A	£ -
Drain Maintenance	1	£ -	£ 1,513	N/A	£ 1,513
Electrical Repair	1	£ -	£ -	N/A	£ -
Landscape - External	1	£ 250	£ 500	100.00%	£ 250
Repairs - External	1	£ 2,000	£ -	-100.00%	-£ 2,000
Gritting	1	£ -	£ 270	N/A	£ 270
Electricity Supply	1	£ -	£ -	N/A	£ -
Statutory Compliance	1	£ -	£ -	N/A	£ -
Insurance	1	£ 800	£ -	-100.00%	-£ 800
Audit Fees	1	£ -	£ -	N/A	£ -
Management Fees	1	£ 250	£ 188	-25.00%	-£ 63
Facilities Management	1	£ 400	£ 300	-25.00%	-£ 100
1 Total		£ 3,900	£ 4,850	24.36%	£ 950
Building Repair	2	£ -	£ -	N/A	N/A
Decoration - External	2	£ -	£ -	N/A	N/A
Management Fees	2	£ -	£ -	N/A	N/A
2 Total		£ -	£ -	N/A	£ -
Grand Total		£ 3,900	£ 4,850	24.36%	£ 950

NOTE

Annual budget operated for 9 month period