



JOHNSON FELLOWS
CHARTERED SURVEYORS

5/7 High Street

Henley-in-Arden

Solihull

B95 5AA

Service Charge Budget Report

1st December 2015 to

30th November 2016



Contents

Introduction
The Property
Voids and Concessions
VAT
Banking
Reserve Fund
Service Charge Objectives
Residential Service Charge Obligations
Management Team
Service Charge Apportionment
Budget Commentary

Appendices

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule



Introduction

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

As this is a new property a service charge has not previously operated. A service charge is necessary due to there being communal structures, services and areas.

As a consequence of there being no previous service charge, the service charge budget is an assessment of anticipated expenditure. The service charge will be reviewed at the year end and subsequent budgets will reflect more accurately the services required and the expenditure incurred.

The Property

The property comprises of a three storey office building. To the rear is a car park and service access to the offices with vehicular access from Millfield Court.

The common parts serving the whole property include the main structure and the external elements of the building, the car park and the boundary walls/fences. The communal areas also include the front ground floor entrance to the building, reception, stairs to the first and second floor offices and toilets on the first floor.

In addition to the common areas of the building, there are common services including cleaning, heating and all utilities, including electricity consumed within the office suites.

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. Consequently the service charge budget is stated net of VAT which is 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

There is no 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.



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

The service charge operates for the whole property as defined in the lease documents. The apportionment percentages for each lessee are noted within the Service Charge Apportionment Schedule, as detailed in Appendix A.

Schedule 1 - Whole

All tenants are liable for contributing towards all expenditure.

The apportionment of the service charge has regard to the NIA of the accommodation. On completion of the refurbishment works the office accommodation is to be measured to confirm the new NIA and the Apportionment Schedule updated.



Budget Commentary

SCHEDULE 1 – Whole

All figures are shown net of VAT

- **Cleaning** **£4,000**

The contract cost for the cleaning of the common areas and office suites, including toilet supplies.

- **Refuse** **£1,000**

The contract cost for the refuse removal, comprising one Euro bin emptied periodically.

- **Repairs – External** **£500**

The building has only recently undergone refurbishment. We have included a contingency should any unforeseen repairs be required to the structure or external parts of the property.

- **Repairs – Internal** **£500**

The building has only recently undergone refurbishment. We have included a contingency should any unforeseen repairs be required to the internal common parts.

- **Electricity Supply** **£3,000**

There is a single electricity supply to the whole property, including all office suites. The electricity consumption has been estimated as there is no previous consumption information.

- **Gas Supply** **£1,000**

There is a single gas supply for the boiler providing heating and hot water. The gas consumption has been estimated as there is no previous consumption information.

- **Water Charges** **£750**

There is a single metered water supply for the property. The water consumption has been estimated as there is no previous consumption information.

- **Statutory Compliance** **£1,000**

This budget includes the periodic testing of the fire alarm and emergency lighting and the periodic health and safety audit of the common parts.

- **Central Heating Maintenance** **£600**

The cost of the maintenance contract for the central heating.



- **Management Fee** **£1,250**

This figure represents the fee to administer the service charge. It is a fixed fee indexed linked annually to RPI.

Total

Schedule 1 **£13,600**

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

.....
Management Surveyor

15th December 2015

.....
Dated



Appendix A

Service Charge Variance Schedule

1st December 2015 to 30th November 2016

The property is VAT registered. Figures shown net of VAT.

Service Charge Item	Budget 2016	Budget v Budget Variance £
Cleaning	£ 4,000	£ 4,000
Refuse	£ 1,000	£ 1,000
Repairs - External	£ 500	£ 500
Repairs - Internal	£ 500	£ 500
Electricity Supply	£ 3,000	£ 3,000
Gas Supply	£ 1,000	£ 1,000
Water Charges	£ 750	£ 750
Statutory Compliance	£ 1,000	£ 1,000
Central Heating Maintenance	£ 600	£ 600
Management Fees	£ 1,250	£ 1,250
TOTAL	£ 13,600	£ 13,600



Appendix B

Service Charge Apportionment Schedule

1st December 2015 to 30th November 2016

Unit	Area (sq m)	Percentage
Ground Floor	99.8	49%
First Floor - Front	39.6	19%
First Floor - Rear	46.9	23%
Second Floor	18.7	9%
TOTAL	205.0	100%