



JOHNSON FELLOWS
CHARTERED SURVEYORS

5/7 High Street

Henley-in-Arden

Solihull

B95 5AA

Service Charge Budget Report

1st December 2016 to

30th November 2017



Contents

Introduction
The Property
Voids and Concessions
VAT
Banking
Reserve Fund
Service Charge Objectives
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 only operated for one year. A service charge is necessary due to there being communal structures, services and areas.

As a consequence of there being only one years' service charge history, 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 are appointed to undertake the financial administration of the service charge. The actual on-site property management is undertaken directly by our client. A new service we are providing for this new service charge year is the facility management role of administering the contracts which are in place, ensuring that they are periodically tendered to ensure they reflect value for money.

The service charge is administered having regard to Service Charges in Commercial Property; RICS Code of Practice.



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, using the areas adopted by the letting agents. With completion of the refurbishment works, the rating assessment being prepared by the Valuation Office Agency are being updated. When completed we will adopt their areas for the apportionment of the service charge.



Budget Commentary

SCHEDULE 1 – Whole

All figures are shown net of VAT

- **Cleaning** **£4,500**

The contract cost for the cleaning of the common areas, office suites and windows together with toilet supplies. There is a £500 increase in the budget reflecting the costs incurred in the previous year.

- **Refuse** **£1,000**

The contract cost for the refuse removal, comprising one Euro bin emptied periodically. During the previous year this contract was re-tendered and awarded to Veolia.

- **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** **£2,000**

There is a single electricity supply to the whole property, including all office suites. The budget has been reduced by £1,000 as a reflection of the electricity consumption during the previous year.

- **Gas Supply** **£2,000**

There is a single gas supply for the boiler providing heating and hot water. The budget has been increased by £1,000 to reflect the gas consumption during the previous year.

- **Water Charges** **£300**

There is a single metered water supply for the property. The budget has been reduced to reflect the consumption during the previous year.



- **Statutory Compliance** **£2,750**

This budget includes the periodic testing of the fire alarm and emergency lighting, water testing and the periodic health and safety audit of the common parts. The water testing cost of £1,600 is the main cause of the increase to the service charge budget and our facilities manager is looking at ways to get these costs reduced, if possible.

- **Central Heating Maintenance** **£700**

The cost of the maintenance contract for the central heating, an increase of £100.

- **Facilities Manager** **£500**

This figure represents the fee to administer and re-tender the contracts. It is a fixed fee indexed linked annually to RPI.

- **Management Fee** **£1,276**

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

Total

Schedule 1 **£16,026**

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Management Surveyor

.....
Dated 15th December 2016

.....
Facilities Manager

.....
Dated 15th December 2016



Appendix A

5/7 High Street, Henley-in-Arden, Solihull, B95 5AA

Service Charge Apportionment Schedule

1st December 2016 to 30th November 2017

| 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% |



Appendix B

5/7 High Street, Henley-in-Arden, Solihull, B95 5AA

Service Charge Variance Schedule

1st December 2016 to 30th November 2017

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

| Service Charge Item | Budget 2016 | Budget 2017 | Budget v Budget Variance % | Budget v Budget Variance £ |
|-----------------------------|--------------------|--------------------|---|---|
| Cleaning | £ 4,000 | £ 4,500 | 12.5% | £ 500 |
| Refuse | £ 1,000 | £ 1,000 | 0.0% | £ - |
| Repairs - External | £ 500 | £ 500 | 0.0% | £ - |
| Repairs - Internal | £ 500 | £ 500 | 0.0% | £ - |
| Electricity Supply | £ 3,000 | £ 2,000 | -33.3% | -£ 1,000 |
| Gas Supply | £ 1,000 | £ 2,000 | 100.0% | £ 1,000 |
| Water Charges | £ 750 | £ 300 | -60.0% | -£ 450 |
| Statutory Compliance | £ 1,000 | £ 2,750 | 175.0% | £ 1,750 |
| Central Heating Maintenance | £ 600 | £ 700 | 16.7% | £ 100 |
| Facilities Manager | £ - | £ 500 | N/A | £ 500 |
| Management Fees | £ 1,250 | £ 1,276 | 2.0% | £ 26 |
| TOTAL | £ 13,600 | £ 16,026 | 17.8% | £ 2,426 |