



JOHNSON FELLOWS
CHARTERED SURVEYORS

5/7 High Street

Henley-in-Arden

Solihull

B95 5AA

Service Charge Budget Report

1st December 2017 to

30th November 2018



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.

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

This is the third year that the service charge has operated. The service charge is reviewed each year so the budgets 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.

As Managing Agents, Johnson Fellows are appointed to undertake the financial administration of the service charge and facility management of the contracts, ensuring that they are periodically tendered and provide value for money. The actual on-site property management is undertaken directly by our client.

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.

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.

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.



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. The budget is the same as last year.

- **Refuse** **£900**

The contract cost for the refuse removal, comprising one Euro bin emptied periodically. The budget has been slightly reduced reflecting the actual expenditure.

- **Repairs – External** **£500**

We have included a contingency should any unforeseen repairs be required to the structure, external parts and drains of the property.

- **Repairs – Internal** **£500**

We have included a contingency should any unforeseen repairs be required to the internal common parts.

- **Electricity Supply** **£1,700**

There is a single electricity supply to the whole property, including all office suites. The budget has been reduced as a reflection of the electricity consumption.

- **Gas Supply** **£2,000**

There is a single gas supply for the boiler providing heating and hot water. The same budget has been maintained as last year.

- **Water Charges** **£400**

There is a single metered water supply for the property. The budget has been increased to reflect actual expenditure.

- **Satellite/TV Aerial** **£145**

The cost of the TV licence in the reception area.



- **Statutory Compliance** **£3,000**

This budget includes the periodic testing of the fire alarm and emergency lighting, fire extinguishers, water testing and the periodic health and safety audit of the common parts. The budget has been increased to reflect actual costs.

- **Central Heating Maintenance** **£1,000**

The cost of the maintenance contract for the central heating together with a contingency for repairs. The budget has been increased to reflect the contingency.

- **Management Fee** **£1,325**

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

- **Facilities Manager** **£519**

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

Total

Schedule 1 **£16,489**

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Management Surveyor

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Dated 15th November 2017

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Facilities Manager

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Dated 15th November 2017



Appendix A

Service Charge Apportionment Schedule

1st December 2017 to 30th November 2018

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

Service Charge Variance Schedule

1st December 2017 to 30th November 2018

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

Service Charge Item	Actual 2016	Budget 2017	Budget 2018	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	£ 3,555	£ 4,500	£ 4,500	0.0%	£ -
Refuse	£ 809	£ 1,000	£ 900	-10.0%	-£ 100
Repairs - External	£ 1,035	£ 500	£ 500	0.0%	£ -
Repairs - Internal	£ 955	£ 500	£ 500	0.0%	£ -
Electricity Supply	£ 1,004	£ 2,000	£ 1,700	-15.0%	-£ 300
Gas Supply	£ 1,862	£ 2,000	£ 2,000	0.0%	£ -
Water Charges	£ 252	£ 300	£ 400	33.3%	£ 100
Satellite/TV Aerial	£ -	£ -	£ 145	#DIV/0!	£ 145
Statutory Compliance	£ 689	£ 2,750	£ 3,000	9.1%	£ 250
Central Heating Maintenance	£ -	£ 700	£ 1,000	42.9%	£ 300
Management Fees	£ 1,250	£ 1,276	£ 1,325	3.8%	£ 49
Facilities Management	£ -	£ 500	£ 519	3.9%	£ 19
TOTAL	£ 11,411	£ 16,026	£ 16,489	2.9%	£ 463