



JOHNSON FELLOWS
CHARTERED SURVEYORS

5/7 High Street

Henley-in-Arden

Solihull

B95 5AA

Service Charge Expenditure Report

1st December 2016 to

30th November 2017



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Introduction

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

As this is a newly refurbished property, a service charge has not previously operated. This is the second year-end expenditure report.

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

As the service charge history is limited, the service charge is reviewed at each year-end so future budgets reflect more accurately the services required and the expenditure incurred.

Future reports will be issued timelier. We are presently working on the accounts for the year ending December 2018.

The Property

The property comprises of a three storey office building. To the rear is a car park 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 retendered 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 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.

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 deliver value for money for the service charge expenditure.

The service charge is administered having regard to RICS Code of Practice: Service Charges in Commercial Property, 3rd edition.



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 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.



Expenditure Commentary

SCHEDULE 1 – Whole

All figures are shown net of VAT

- **Cleaning** **£4,431**

The contract cost for the cleaning of the common areas and office suites by Christine's Cleaning, windows by We Clean and toilet supplies by Initial.

- **Refuse** **£750**

The contract cost for the refuse removal, comprising one Euro bin emptied periodically. The contract has been transferred from Biffa to Veolia resulting in a saving against budget.

- **Repairs – External** **£493**

During the year, all expenditure on external repairs related to the problems experienced with the drains. Some of the associated costs were funded from an insurance claim.

- **Repairs – Internal** **£300**

Internal decorations were undertaken to the communal areas.

- **Electricity Supply** **£1,690**

There are three electricity supplies to the property, including all office suites. The electricity costs were below that anticipated in the budget. The contract is with Npower.

- **Gas Supply** **£1,753**

There is a single gas supply for the boiler providing heating and hot water. The gas costs were less than budget. The contract is with Npower.

- **Water Charges** **£440**

There is a single metered water supply for the property. The water consumption was more than anticipated reflecting the full occupation of the building.

- **Satellite/TV Aerial** **£145**

The TV licence for the reception.

- **Statutory Compliance** **£858**

The contract costs for the maintenance of the fire extinguishers, fire alarm and emergency lights. The annual health and safety audit of the building was completed after the service charge year end. The budget did include the maintenance of the central heating, but the expenditure for this has been allocated to the Central Heating Maintenance Budget.



- **Central Heating Maintenance** **£2,666**

The maintenance contract with Heating & Associated Services for the central heating. During this year some minor repairs were required. The expenditure is above budget as the costs for the heating maintenance had been included in the Statutory Compliance budget.

- **Management Fees** **£1,276**

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

- **Facilities Manager** **£500**

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

Total

Schedule 1 **£15,303**

The expenditure was below budget.

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

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Management Surveyor

Dated 21st February 2019



Appendix A

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

Service Charge Apportionment

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

1st December 2016 to 30th November 2017

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

Service Charge Item	Actual 2016	Budget 2017	Actual 2017	Actual v Budget Variance %	Actual v Budget Variance £
Cleaning	£ 3,555	£ 4,500	£ 4,431	-1.5%	-£ 69
Refuse	£ 809	£ 1,000	£ 750	-25.0%	-£ 250
Repairs - External	£ 1,035	£ 500	£ 493	-1.5%	-£ 8
Repairs - Internal	£ 955	£ 500	£ 300	-40.0%	-£ 200
Electricity Supply	£ 1,004	£ 2,000	£ 1,690	-15.5%	-£ 310
Gas Supply	£ 1,862	£ 2,000	£ 1,753	-12.3%	-£ 247
Water Charges	£ 252	£ 300	£ 440	46.8%	£ 140
Satellite/TV Aerial	£ -	£ -	£ 145	N/A	£ 145
Statutory Compliance	£ 689	£ 2,750	£ 858	-68.8%	-£ 1,892
Central Heating Maintenance	£ -	£ 700	£ 2,666	280.9%	£ 1,966
Management Fees	£ 1,250	£ 1,276	£ 1,276	0.0%	£ 0
Facilities Manager	£ -	£ 500	£ 500	0.0%	£ -
TOTAL	£ 11,410	£ 16,026	£ 15,303	-4.5%	-£ 723