



JOHNSON FELLOWS
CHARTERED SURVEYORS

60-63 High Street

Egham

Surrey

TW20 9EX

Service Charge Budget Report

24th June 2022 to 23rd June 2023



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Johnson Fellows. Charter House, Newhall Street, Birmingham, B3 1SW





Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Ltd. It is intended to provide details of the planned expenditure for the service charge period 24th June 2022 to 23rd June 2023. Due to the pandemic and other factors this is the first new budget that has been set since the service charge year ending 23rd June 2019.

Enclosed within this report is a copy of the Service Charge Variance Schedule and Service Charge Apportionment Schedule.

The service charge is administered having regard to RICS Professional Statement; Service Charges in Commercial Property; 1st Edition.

The Property

The property is located on Egham High Street, approximately half a mile from the A30 Egham By-Pass, which leads to Junction 13 of the M25 Motorway one mile to the north.

The property is of steel framed construction with brick elevations. It is part single storey and part three storey. The ground floor consists of a Tesco Superstore. There are first and second floor offices above to the front section of the building.

The offices are accessed via a separate entrance from High Street. The entrance foyer leads to a dedicated communal staircase. Male and female toilets are provided at first and second floor landing levels.

The communal services provided for the property consist of the upkeep and maintenance of the internal office entrance, staircase and toilets, electricity and gas supplies, associated statutory compliance and the external upkeep of the front section of the building to which the offices form part. Tesco is directly responsible for the maintenance of the structure and roof for the rear single storey Superstore.

Service Charge Objectives

The objective of Johnson Fellows as Managing Agent is to provide a high quality management service. In so doing we aim to provide a well maintained environment, delivering value for money for the service charge expenditure.

The objective of this budget report is to provide a clear explanation for recovery 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 tenants to budget accurately for the forthcoming period.

Should any occupier have comments on the format, or the information contained in this report which would assist in the report being improved for the benefit of all concerned, these comments would be welcomed. We would also welcome constructive feedback on the communal services provided at the property.



VAT

The property is elected for VAT, consequently the expenditure stated within this report is net of VAT.

Voids and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord. The second floor offices are currently vacant.

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.

Interest charged on the late payment of service charge by tenants is to be credited to the service charge.

Reserve Fund

There is no reserve fund.



Service Charge Apportionment

The apportionment for each schedule is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

Schedule One Office Occupiers Only

Schedule Two All Occupiers

There are two separate schedules set up. The occupiers of the first and second floor offices contribute towards Schedule One. All occupiers contribute towards Schedule Two.

The apportionment percentages are calculated based on net internal floor areas. Costs that are shared between both schedules for items such as Management and Auditors Fees have been apportioned between the schedules based approximately on the total expenditure within each schedule. For the new year the split is 83% Schedule 1 and 17% Schedule 2.



Management Team

Facilities Manager:

Robert Scott
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0407
Mobile: 07540 732 602
Email: robert.scott@johnsonfellows.co.uk

Robert Scott is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Ian Starbuck
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07887 745 635
Email: ian.starbuck@johnsonfellows.co.uk

Ian Starbuck 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.



Budget Commentary

SCHEDULE 1 – Office Occupiers Only

All figures are shown net of VAT

- **Internal Cleaning** **£1,750.00**

The cost heading is for the twice weekly clean of the common areas and toilets. The operative is on site for 2 hours per week. An additional allowance is included for any ad hoc unforeseen works. The budget has been increased to allow for the anticipated rise in contract costs.

- **Cleaning Requisites** **£450.00**

The cost heading is for the sanitary bin contract within the female toilets. The budget has been increased for the new year in line with the contract cost.

- **Window Cleaning** **£500.00**

The budget figure allows for the bi-annual external cleaning of the windows to the office entrance hall and upper floors. The budget has been increased in view of the anticipated costs.

- **Internal Repair** **£2,000.00**

The budget provides a contingency sum for any ad-hoc items of repair and maintenance within the communal areas and any requirements following the health and safety audit. If funds allow it is also our intention to re-carpet the communal staircase. The budget has been increased for the new year.

- **Electrical Supply** **£1,000.00**

The cost heading allows for the electricity consumption within the common parts. It has been increased based on last years expenditure and the ongoing rises in energy prices.

- **Gas Supply** **£4,800.00**

The cost heading allows for the gas consumption within the offices. The budget has been reduced based on last years expenditure, but does also allow for the ongoing rises in energy prices.

- **Water Charges** **£600.00**

The budget heading allows for the anticipated cost of the water rates for the offices. It has been maintained at the same level.

- **Access System** **£300.00**

The budget allows for ad-hoc maintenance to the intercom/door entry system. It has been maintained at the same level.



- **Mechanical & Electrical Maintenance** **£3,000.00**

The budget figure allows for the annual boiler service, the service of the toilet heater, water temperature testing, emergency lighting testing and fire alarm maintenance. It has been increased for the new year, but the fire alarm maintenance used to be under a separate heading.

- **M&E Repairs** **£1,000.00**

This is a new cost for this budget year. It allows for any unforeseen repairs that are required to the M&E equipment during the year.

- **Statutory Compliance** **£700.00**

The budget provides for the completion of the health & safety audit. It has been maintained at the same level.

- **Audit Fee** **£332.00**

The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The Accountants fee for certifying the year end service charge account is £400.00. This has been split between both schedules.

- **Management Fee** **£2,638.35**

This figure represents the costs incurred for the management of the property, administration of the service charge and completing periodic inspections. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation. The total fixed fee is £3,178.74 and is split between both schedules.

- **Facilities Management** **£1,258.28**

The figure represents the costs incurred to organise and supervise the various contracts in place, dealing with items of maintenance, ensuring compliance. The total fixed fee is £1,516.00 following the annual indexation review and is split between both schedules.

Total

Schedule 1 **£20,328.63**



SCHEDULE 2 – All Occupiers

All figures are shown net of VAT

- **Building Repair** **£2,000.00**

The budget provides a contingency sum for any unexpected external repairs that may need to be carried out. It has been increased for the new year due to the added requirement to clear the moss and debris from the flat roof to the front of the property.

- **Drain Maintenance** **£1,000.00**

The budget allows for the annual cleaning of all rainwater goods to the front and rear of the property. It has been increased for the new year in view of the anticipated costs.

- **Statutory Compliance** **£300.00**

The cost heading provides for the annual lightning conductor test. It has been maintained at the same level.

- **Audit Fee** **£68.00**

The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The Accountants fee for certifying the year end service charge account is £400.00. This has been split between both schedules.

- **Management Fee** **£540.39**

This figure represents the costs incurred for the management of the property, administration of the service charge and completing periodic inspections. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation. The total fixed fee is £3,178.74 and is split between both schedules.

- **Facilities Management** **£257.72**

The figure represents the costs incurred to organise and supervise the various contracts in place, dealing with items of maintenance, ensuring compliance. The total fixed fee is £1,516.00 following the annual indexation review and is split between both schedules.

Total

Schedule 2 **£4,166.11**



Budget Approval

R. Scott

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Facilities Manager

Dated 26th May 2022

Paul Starbuck

.....
Partner

Dated 26th May 2022



Appendix A

60-63 High Street, Egham, Surrey

Service Charge Apportionment Schedule

24th June 2022 to 23rd June 2023

Floor	Schedule	Area Sq Ft	Percentage
First Floor	1	2,810	50.40%
Second Floor	1	2,765	49.60%
1 Total		5,575	100.00%
Ground Floor	2	2,810	33.51%
First Floor	2	2,810	33.51%
Second Floor	2	2,765	32.98%
2 Total		8,385	100.00%

Shared costs are split based on 83% Schedule 1 and 17% Schedule 2



Appendix B

60-63 High Street, Egham, Surrey

Service Charge Variance Schedule

24th June 2022 to 23rd June 2023

The property is VAT registered. Figures for all schedules are shown net of VAT.

Service Charge Item	Schedule	Budget 2018-19	Budget 2022-23
Internal Cleaning	1	£ 1,500.00	£ 1,750.00
Cleaning Materials	1	£ 300.00	£ 450.00
Window Cleaning	1	£ 300.00	£ 500.00
Internal Repair	1	£ 1,500.00	£ 2,000.00
Electrical Supply	1	£ 500.00	£ 1,000.00
Gas Supply	1	£ 6,500.00	£ 4,800.00
Water Charges	1	£ 600.00	£ 600.00
Access System	1	£ 300.00	£ 300.00
Mechanical & Electrical Maintenance	1	£ 2,500.00	£ 3,000.00
Fire Prevention	1	£ 1,000.00	£ -
Mechanical & Electrical Repairs	1	£ -	£ 1,000.00
Statutory Compliance	1	£ 700.00	£ 700.00
Audit Fee	1	£ 348.00	£ 332.00
Management Fee	1	£ 2,356.43	£ 2,638.35
Facilities Management	1	£ 1,123.82	£ 1,258.28
1 Total		£ 19,528.25	£ 20,328.63
Building Repair	2	£ 1,500.00	£ 2,000.00
Drain Maintenance	2	£ 200.00	£ 1,000.00
Statutory Compliance	2	£ 300.00	£ 300.00
Audit Fee	2	£ 52.00	£ 68.00
Management Fees	2	£ 352.11	£ 540.39
Facilities Management	2	£ 167.93	£ 257.72
2 Total		£ 2,572.04	£ 4,166.11
Grand Total		£ 22,100.29	£ 24,494.74

TESCO STORES LTD

**60-63 HIGH STREET EGHAM
SURREY**

SERVICE COSTS STATEMENT

INDEPENDENT REVIEW

YEAR ENDED 30TH JUNE 2023

Haines Watts

60-63 High Street Egham
Surrey
Certificate of Service Costs for the year ended 30th June 2023

	2023	2022
1st & 2nd Floor		
Cleaning	1,441.00	1,300.00
Cleaning Materials	2,271.01	432.81
Repairs - Internal	592.50	-
Electric Supply	3,621.99	1,205.02
Gas Supply	2,544.17	2,147.97
Mechanical and Electrical Maintenance	4,075.00	3,095.00
Risk Assessment, Audit and Review	391.50	-
Audit Fees	332.00	348.00
Management Fees	2,638.32	2,488.53
Facilities Management	1,258.28	1,186.82
Internal Repairs and Maintenance	-	2,070.00
	19,165.77	14,274.15
All Floors		
Drain Maintenance	-	1,005.00
Building Repairs	1,950.00	-
Audit Fees	68.00	52.00
Management Fees	540.40	371.85
Facilities Management	257.72	177.35
Risk Assessment, Audit and Review	323.50	265.00
	3,139.62	1,871.20
Total expenditure	22,305.39	16,145.35

Independent Accountant's Review Report

To the Manager, High Street Egham

We have reviewed the statement of service charge expenditure for the above property for the year ended 30 June 2023. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the RICS in the Code of Practice, Services Charges in Commercial Property, 1st edition.

Manager's Responsibility for the Statement of service charge expenditure

The Manager is responsible for the preparation of the statement of service charge expenditure and for such internal control as the Manager determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express a conclusion on the statement of service charge expenditure based on the procedures we have performed and the evidence we have obtained. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements (Revised). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the statement of service charge expenditure, taken as a whole, is not prepared in all material respects in accordance with the provisions of the Code of practice '*Service charges in commercial property*' issued by the RICS. ISRE 4000 (Revised) also requires us to comply with relevant ethical requirements.

A review of a statement of service charge expenditure in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others responsible for the services that comprise the service charge on this property, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures do not include review of the allocation or apportionment of service charge expenditure to occupiers.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the statement of service charge expenditure.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the statement of service charge expenditure is not prepared, in all material respects, in accordance with the provisions of the Code of practice 'Service charges in commercial property' issued by the RICS.

Basis of Accounting and Restriction on Distribution and Use

Our report is made in accordance with the terms of our engagement and is intended solely for the Manager to issue to current occupiers. This report should not be distributed to or used by other parties. Our work has been undertaken to enable us to make this report to the Manager and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Manager in connection with the report or this engagement.



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