



JOHNSON FELLOWS
CHARTERED SURVEYORS

61/77 High Street

Harborne

Birmingham

B17 9NS

Service Charge Budget Report

26th March 2015 to 25th March 2016



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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, Harborne High Street Management (2) Ltd. It is intended to provide details of the planned expenditure for the service charge year 26th March 2015 to 25th March 2016. Enclosed within this report is a copy of the Service Charge Variance Schedule and Service Charge Apportionment Schedule.

The overall budget for the year is £29,113 which equates to a 1.48% decrease over last year.

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

The Property

The property is located on Harborne High Street and comprises nine retail units, with first and second floor accommodation, the majority of which is residential, accessed from the rear car park adjoining St Johns Road. However, three of the units use the upper floors for ancillary commercial purposes, with access from the ground floor units.

The car park to the rear is held separately and is maintained by Hare Hatch Developments. It has been agreed that the management company will contribute 30% towards its repair and maintenance costs.

The communal services provided for the property consist of items such as pest control and electricity for the communal lighting. There is also a small forecourt area fronting St Johns Road, which is repaired and maintained via the service charge. Although the roof and balconies are the responsibility of the individual long leaseholders, by common agreement they are also repaired and maintained via the service charge. This does not include the rear extensions which remain the responsibility of each individual long leaseholder.

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 year.

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 not elected for VAT, consequently the expenditure stated within this report is gross of VAT.



Voids and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord. There is no void accommodation.

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

A Reserve Fund has been set up in order to accrue funds for the replacement of the roof coverings to both first and second floor levels. The Reserve Fund is held in a discrete bank account in order to obtain interest on the retained funds. The account is maintained with Barclays Bank plc, Kidderminster branch.



Service Charge Apportionment

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

Schedule One All Long Leaseholders

Schedule Two All Long Leaseholders, except 61 High Street

There are two separate schedules as Central Midland Estates, the long leaseholder of 61 High Street, is responsible for their own buildings insurance and for the repair and maintenance of their front and rear roof/canopy areas under the terms of their lease. Therefore they do not contribute towards the buildings insurance or any repairs and maintenance associated with the communal front and rear roof/canopies.

Shared costs for items such as Management and Auditors Fees have been apportioned between the schedules based upon the total net costs for each schedule.



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:

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 – Contributions by all Units

All figures are shown gross of VAT

- **Pest Control** **£432**

The cost heading is for the annual pest control contract for the external rear areas, which includes 4 visits per year. The contract sum has been maintained at the same level for the forthcoming year.

- **Building Repair** **£1,000**

The cost heading is for any external repairs that all long leaseholders maintain a responsibility for. This will predominantly cover the forecourt area fronting St Johns Road. Some of the paving slabs are cracked and will require replacement. A contingency sum has also been factored in for any unforeseen items.

- **Car Park Maintenance** **£600**

The budget provides a contingency sum for the maintenance of the rear service yard and car park. The apportioned percentage liability for the management company has been agreed at 30%.

- **Audit Fee** **£45**

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 accounts is £450. This has been split between both schedules, based on the total net costs, with 10% applied to Schedule 1 and 90% applied to Schedule 2.

- **Management Fee** **£638**

The management fee has been adjusted in line with the Retail Price Index, which has shown a 1.0% increase over the 12 month period. The total fee of £6,381 (inc VAT) has been split between both schedules, based on the total net costs, with 10% applied to Schedule 1 and 90% applied to Schedule 2.

Total

Schedule 1 **£2,715**



SCHEDULE 2 – Contributions by all Units except 61 High Street

All figures are shown gross of VAT

- **Building Repair** **£1,500**

The cost heading provides for any external repairs that are required to the communal areas to the rear of the maisonettes. The budget has been maintained at the same level. Any urgent items will be addressed following completion of a health and safety audit. The remaining balance will be retained for any unforeseen items.

- **Electrical Repair** **£500**

The budget provides a contingency sum for any electrical repairs or replacement bulbs that may be required to the emergency lighting at first floor level. It has been maintained at the same level.

- **Roof Maintenance** **£2,000**

The cost heading allows a contingency sum for any patch repairs required to the lower walkway roof. The budget has been reduced for the current year following the completion of the upper level re-roofing works.

- **Electricity Supply** **£750**

The cost heading provides for the anticipated cost of the electricity consumption over the coming year. The budget has been maintained at the same level.

- **Reserve Fund** **£12,000**

Following completion of the upper level roof works and associated rainwater goods, funds are now being accrued for the lower level roof works. The anticipated cost is £32,000 including VAT and fees. The budget figure has been maintained at the same level. In line with the proposed collections below, it is anticipated that these works will be completed in summer 2018.

2015/16	£12,000
2016/17	£12,000
2017/18	£8,000
Total	£32,000

- **Insurance** **£3,500**

The cost heading is for the annual buildings insurance renewal. The budget has been maintained at the same level. The premium for the current year was slightly less than this figure, but the budget will allow for any increase.



- **Audit Fee** **£405**

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 accounts is £450. This has been split between both schedules, based on the total net costs, with 10% applied to Schedule 1 and 90% applied to Schedule 2.

- **Management Fee** **£5,743**

The management fee has been adjusted in line with the Retail Price Index, which has shown a 1.0% increase over the 12 month period. The total fee of £6,381 (inc VAT) has been split between both schedules, based on the total net costs, with 10% applied to Schedule 1 and 90% applied to Schedule 2.

Total

Schedule 2 **£26,398**

.....
Management Surveyor

.....
Dated
15th May 2015

.....
Partner

.....
Dated
15th May 2015



Appendix A

61/77 High Street, Harborne, Birmingham, B17 9NS

Service Charge Apportionment Schedule

26th March 2015 to 25th March 2016

Unit	Schedule	Percentage
61	1	41.00%
63/63A	1	8.00%
65/65A	1	6.00%
67/67A	1	10.00%
69/69A	1	6.00%
71/71A	1	8.00%
73/73A	1	8.00%
75/75A	1	5.00%
77	1	8.00%
1 Total		100.00%
63/63A	2	13.30%
65/65A	2	15.80%
67/67A	2	13.30%
69/69A	2	10.80%
71/71A	2	10.80%
73/73A	2	13.30%
75/75A	2	11.34%
77	2	11.36%
2 Total		100.00%



Appendix B

61/77 High Street, Harborne, Birmingham, B17 9NS

Service Charge Variance Schedule

26th March 2015 to 25th March 2016

The property is not VAT registered. Figures for all schedules are shown gross of VAT.

Service Charge Item	Schedule	Budget 2014/2015	Budget 2015/2016	Budget v Budget Variance %	Budget v Budget Variance £
Pest Control	1	£ 432	£ 432	0.00%	£ -
Building Repair	1	£ 1,000	£ 1,000	0.00%	£ -
Car Park Maintenance	1	£ 600	£ 600	0.00%	£ -
Audit Fee	1	£ 45	£ 45	0.00%	£ -
Management Fees	1	£ 632	£ 638	0.95%	£ 6
1 Total		£ 2,709	£ 2,715	0.22%	£ 6
Building Repair	2	£ 1,500	£ 1,500	0.00%	£ -
Electrical Repair	2	£ 500	£ 500	0.00%	£ -
Roof Maintenance	2	£ 2,500	£ 2,000	-20.00%	-£ 500
Electricity Supply	2	£ 750	£ 750	0.00%	£ -
Reserve Fund	2	£ 12,000	£ 12,000	0.00%	£ -
Insurance	2	£ 3,500	£ 3,500	0.00%	£ -
Audit Fee	2	£ 405	£ 405	0.00%	£ -
Management Fees	2	£ 5,686	£ 5,743	1.00%	£ 57
2 Total		£ 26,841	£ 26,398	-1.65%	-£ 443
Grand Total		£ 29,550	£ 29,113	-1.48%	-£ 437