



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**61/77 High Street**

**Harborne**

**Birmingham**

**B17 9NS**

**Service Charge Budget Report**

**26<sup>th</sup> March 2017 to 25<sup>th</sup> March 2018**



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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 26<sup>th</sup> March 2017 to 25<sup>th</sup> March 2018.

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 under separate ownership. 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](mailto: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](mailto: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](mailto: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.

- **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** **£90**

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 approximate total net costs, with 20% applied to Schedule 1 and 80% applied to Schedule 2.

- **Management Fee** **£1,293**

The total fee of £6,464 (inc VAT) has been split between both schedules, based on the approximate total net costs, with 20% applied to Schedule 1 and 80% applied to Schedule 2. The annual RPI increase has not been implemented for the current year.

### **Total**

**Schedule 1** **£3,415**



## **SCHEDULE 2 – Contributions by all Units except 61 High Street**

**All figures are shown gross of VAT**

- **Building Repair** **£3,000**

The cost heading provides for any external repairs that are required to the communal areas. The budget has been increased for the current year for the completion of anticipated works following the receipt of the health and safety audit.

- **Electrical Repair** **£700**

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. We also propose to upgrade the lighting to the front canopy. This has been increased slightly to reflect the proposals.

- **Roof Maintenance** **£500**

The cost heading allows a contingency sum for any patch repairs required to the lower walkway roof prior to the completion of the full resurfacing.

- **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** **£0**

Following the collection of sufficient funds to allow for the completion of the final phase of the roof works, no funds will be allocated to the reserve fund in the current year.

- **Insurance** **£3,500**

The cost heading is for the annual buildings insurance renewal. The budget has been maintained at the same level.

- **Health & Safety** **£500**

The budget is for the preparation of an annual health and safety audit for the site in order to identify any potential risks.

- **Audit Fee** **£360**

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 20% applied to Schedule 1 and 80% applied to Schedule 2.



- **Management Fee** **£5,171**

The total fee of £6,464 (inc VAT) has been split between both schedules, based on the total net costs, with 20% applied to Schedule 1 and 80% applied to Schedule 2. The annual RPI increase has not been implemented for the current year.

**Total**

**Schedule 2** **£14,481**

.....  
Management Surveyor

Dated  
15<sup>th</sup> March 2017

.....  
Facilities Manager

Dated  
15<sup>th</sup> March 2017



Appendix A

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

**Service Charge Apportionment Schedule**

**26th March 2017 to 25th March 2018**

<b>Unit</b>	<b>Schedule</b>	<b>Percentage</b>
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%
<b>1 Total</b>		<b>100.00%</b>
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%
<b>2 Total</b>		<b>100.00%</b>



**Appendix B**

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

**Service Charge Variance Schedule**

**26th March 2017 to 25th March 2018**

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

Service Charge Item	Schedule	Budget 2016/2017	Budget 2017/2018	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	£ 90	100.00%	£ 45
Management Fees	1	£ 646	£ 1,293	100.15%	£ 647
<b>1 Total</b>		<b>£ 2,723</b>	<b>£ 3,415</b>	<b>25.41%</b>	<b>£ 692</b>
Building Repair	2	£ 1,500	£ 3,000	100.00%	£ 1,500
Electrical Repair	2	£ 700	£ 700	0.00%	£ -
Roof Maintenance	2	£ 2,000	£ 500	-75.00%	-£ 1,500
Electricity Supply	2	£ 750	£ 750	0.00%	£ -
Reserve Fund	2	£ 12,000	£ -	-100.00%	-£ 12,000
Insurance	2	£ 3,500	£ 3,500	0.00%	£ -
Health & Safety	2	£ -	£ 500	N/A	£ 500
Audit Fee	2	£ 405	£ 360	-11.11%	-£ 45
Management Fees	2	£ 5,818	£ 5,171	-11.12%	-£ 647
<b>2 Total</b>		<b>£ 26,673</b>	<b>£ 14,481</b>	<b>-45.71%</b>	<b>-£ 12,192</b>
<b>Grand Total</b>		<b>£ 29,396</b>	<b>£ 17,896</b>	<b>-39.12%</b>	<b>-£ 11,500</b>