



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**10-15 Broad Street**

**Banbury**

**Oxfordshire**

**OX16 5BN**

**Service Charge Budget Report**

**29<sup>th</sup> September 2019 to**

**28<sup>th</sup> September 2020**



## **Contents**

Introduction

The Property

Voids and Concessions

VAT

Banking

Service Charge Objectives

Management Team

Service Charge Apportionment

Budget Commentary

## **Appendices**

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule

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





## **Introduction**

This report has been produced by Johnson Fellows on behalf of the Landlord, Right Investments Limited. It is intended to provide details of the planned expenditure for the forthcoming service charge year.

## **The Property**

The property is within Banbury town centre adjacent NCP Car Park Banbury Cherwell Centre and comprises of two retail units and second floor residential flats fronting Christchurch Court. It includes the carpark to the rear of the retail units.

The external communal areas which are to be maintained through the service charge are the car park to the rear of the property together with external and structural parts of the buildings. The internal common areas along with the fire escape stair wells exclusively serve the residential tenants.

## **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.

The service charge payable by the commercial lessees will have VAT 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.

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

There is no sinking fund or 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.

As Managing Agents, Johnson Fellows aim to provide a high quality management service in order to provide a well maintained environment, and delivering value for money for the service charge expenditure.

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](mailto:chris.monteith@johnsonfellows.co.uk)

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

### Management Surveyor:

George Brittain  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Direct Dial: 0121 234 0454  
Mobile: 07884 352 576  
Email: [george.brittain@johnsonfellows.co.uk](mailto:george.brittain@johnsonfellows.co.uk)

George Brittain 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.



### **Service Charge Apportionment**

The service charge provisions are set out in each tenants lease. These consistently provide for each tenant to pay a due proportion of the service charge which is attributable to each tenant's premises.

The landlord will pay the contribution for the residential flats as it is intended these will be let on AST's

The apportionment percentages will be reviewed periodically should circumstances change.

Schedule 1 – This schedule purely serves the residential units and includes the internal shared areas and fire escapes.

Schedule 2 – This schedule includes all commercial tenants and covers the structure of the property and external common areas. The costs for this schedule are calculate as 68.23% of the total costs with the remainder being paid by the landlord (residential flats)

Schedule 3 – This schedule is paid for by the landlord and covers the structure of the property and external common areas. The costs for this schedule are calculate as 31.77% of the total costs with the remainder being paid by the commercial tenants

Schedules 2 & 3 are split and apportioned due to the need to handle VAT differently for residential and commercial tenants.

The service charge percentage apportionments are detailed in Appendix A.



## **Budget Commentary**

### **Schedule 1 Residential**

*All figures are shown inc of VAT*

- **Cleaning** **£700.00**

Cleaning of the internal common areas.

- **Window cleaning** **£300.00**

Quarterly cleaning of the flat windows

- **Internal Decoration** **£600.00**

Adhoc internal decoration that may be required throughout the year.

- **Internal Repairs** **£600.00**

Adhoc internal repairs that may be required throughout the year.

- **Electric Supply** **£600.00**

Budgeted cost for the communal electricity supply for the common areas.

- **Access System** **£300.00**

The cost of maintaining the door entry system.

- **Mechanical and electrical repair** **£600.00**

Adhoc cost for re-lamping and isolated electrical repairs.

- **Security Equipment** **£400.00**

Annual cost for the CCTV equipment maintained, service and required repairs.

- **Fire Prevention** **£500.00**

Annual cost for maintaining to the dry riser, weekly fire alarm testing, maintenance, repairs.

- **Health and Safety** **£300.00**

Cost of H&S audit on common areas to identify any hazards.

- **Audit Fee** **£240.00**

The cost for the service charge accounts to be independently certified on an annual basis as required by The RICS Service Charge Code of Practice.



- **Management Fee** **£720.14**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual retail price indexation.

- **Facilities Management Fee** **£771.58**

The cost of the Facilities Manager, for procurement and contract management, risk management, health and safety and meeting statutory legislations. The fee has been adjusted by RPI.

**Total**

**Schedule 1** **£6,631.72**



## **Schedule 2 Common areas and structure (commercial)**

***All figures are shown net of VAT***

- **Car Park Cleaning** **£1,364.60**

Budgeted cost for cleaning that is required to the car park area, and the removal of fly tipping.

- **Car Park Maintenance** **£1,364.60**

Budgeted cost for repair works that are required to the car park area.

- **External Repairs** **£682.30**

Adhoc external repairs as required through the year.

- **Roof Repairs** **£1,364.60**

Adhoc roof repairs as required through the year.

- **Gritting** **£341.15**

Budgeted cost for gritting car park in the winter season.

- **External Maintenance** **£1,023.45**

Budget cost for the gutter clean that is required to the external areas.

- **Security Equipment** **£272.92**

Annual cost for the CCTV equipment maintained, service and required repairs.

- **Health and Safety** **£272.92**

Cost of H&S audit on common areas to identify any hazards with regards external areas.

- **Audit Fee** **£136.46**

The cost for the service charge accounts to be independently certified on an annual basis as required by The RICS Service Charge Code of Practice.

- **Professional Fees** **£272.92**

The cost of preparing a planned preventive maintenance schedule.

- **Management Fee** **£1,403.87**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual retail price indexation.



- **Facilities Management Fee** **£701.93**

The cost of the Facilities Manager, for procurement and contract management, risk management, health and safety and meeting statutory legislations. The fee has been adjusted by RPI.

**Total**

**Schedule 2** **£8,928.80**



**Schedule 3 Common areas and structure (residential)**

***All figures are shown inclusive of VAT***

- **Car Park Cleaning** **£762.48**

Budgeted cost for cleaning that is required to the car park area.

- **Car Park Maintenance** **£762.48**

Budgeted cost for repair works that are required to the car park area.

- **External Repairs** **£381.24**

Adhoc external repairs as required through the year.

- **Roof Repairs** **£762.48**

Adhoc roof repairs as required through the year.

- **Gritting** **£190.62**

Budgeted cost for gritting car park in the winter season.

- **External Maintenance** **£571.86**

Budget cost for the gutter clean that is required to the external areas.

- **Security Equipment** **£152.50**

Contribution towards the maintenance of the external CCTV

- **Health and Safety** **£152.50**

Cost of H&S audit on common areas to identify any hazards with regards external areas.

- **Audit Fee** **£76.25**

The cost for the service charge accounts to be independently certified on an annual basis as required by The RICS Service Charge Code of Practice.

- **Management Fee** **£784.42**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual retail price indexation.



- **Facilities Management Fee** **£392.21**

The cost of the Facilities Manager, for procurement and contract management, risk management, health and safety and meeting statutory legislations. The fee has been adjusted by RPI.

**Total**

**Schedule 3** **£4,989.03**

.....  
Management Surveyor

.....  
Facilities Manager



**Appendix A**

| <b>10 - 15 Broad Street Banbury</b>          |                        |                   |                   |                   |                |
|--|------------------------|-------------------|-------------------|-------------------|----------------|
| <b>Service Charge Apportionment Schedule</b> |                        |                   |                   |                   |                |
| <b>Tenant</b>                                | <b>Floor Area SqFt</b> | <b>Schedule 1</b> | <b>Schedule 2</b> | <b>Schedule 3</b> | <b>Estate</b>  |
|  |                        | <b>%</b>          | <b>%</b>          | <b>%</b>          | <b>%</b>       |
| British Heart Foundation                     | 8961                   | 0.00%             | 84.15%            | 0.00%             | 57.41%         |
| William Hill                                 | 1688                   | 0.00%             | 15.85%            | 0.00%             | 10.82%         |
| Landlord Flats                               | 4959                   | 100.00%           | 0.00%             | 100.00%           | 31.77%         |
| <b>Totals</b>                                | <b>15608</b>           | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b> |
|  |                        | <b>Split</b>      | <b>68.2%</b>      | <b>31.8%</b>      |                |



**Appendix B**

**Broad Street, Banbury  
Client: Right Investments**

**Service Charge Detailed Budget Report  
29th September 2019 to 28th September 2020**

| Service Charge Budget Heading       | Sch | Budget Heading Cost (inc VAT) YE2019 | Budget Heading Cost (ex VAT) 2020 | Variance (%)  | Variance (£)      |
|-------------------------------------|-----|--------------------------------------|-----------------------------------|---------------|-------------------|
| Cleaning                            | 1   | £0.00                                | £700.00                           | na            | £700.00           |
| Window Cleaning                     | 1   | £600.00                              | £300.00                           | -50.0%        | -£300.00          |
| Decoration- Internal                | 1   | £600.00                              | £600.00                           | 0.0%          | £0.00             |
| Repairs- Internal                   | 1   | £600.00                              | £600.00                           | 0.0%          | £0.00             |
| Electricity Supply                  | 1   | £600.00                              | £600.00                           | 0.0%          | £0.00             |
| Access System                       | 1   | £300.00                              | £300.00                           | 0.0%          | £0.00             |
| Mechanical and Electrical Equipment | 1   | £600.00                              | £600.00                           | 0.0%          | £0.00             |
| Security Equipment                  | 1   | £600.00                              | £400.00                           | -33.3%        | -£200.00          |
| Fire Prevention                     | 1   | £1,000.00                            | £500.00                           | -50.0%        | -£500.00          |
| Health and Safety                   | 1   | £600.00                              | £300.00                           | -50.0%        | -£300.00          |
| Audit Fee                           | 1   | £240.00                              | £240.00                           | 0.0%          | £0.00             |
| Management Fee                      | 1   | £700.00                              | £720.14                           | 2.9%          | £20.14            |
| Professional Fees                   | 1   | £480.00                              | £0.00                             | -100.0%       | -£480.00          |
| Facilities Management               | 1   | £750.00                              | £771.58                           | 2.9%          | £21.58            |
| <b>Total</b>                        |     | <b>£7,670.00</b>                     | <b>£6,631.72</b>                  | <b>-13.5%</b> | <b>-£1,038.28</b> |

| Service Charge Budget Heading | Sch | Budget Heading Cost (inc VAT) YE2019 | Budget Heading Cost (ex VAT) 2020 | Variance (%) | Variance (£)    |
|-------------------------------|-----|--------------------------------------|-----------------------------------|--------------|-----------------|
| Car Park Cleaning             | 2   | £682.30                              | £1,364.60                         | 100.0%       | £682.30         |
| Car Park Maintenance          | 2   | £3,411.50                            | £1,364.60                         | -60.0%       | -£2,046.90      |
| Repairs External              | 2   | £682.30                              | £682.30                           | 0.0%         | £0.00           |
| Roof Maintenance              | 2   | £682.30                              | £1,364.60                         | 100.0%       | £682.30         |
| Gritting                      | 2   | £341.15                              | £341.15                           | 0.0%         | £0.00           |
| External Maintenance          | 2   | £1,023.45                            | £1,023.45                         | 0.0%         | £0.00           |
| Security Equipment            | 2   | £272.92                              | £272.92                           | 0.0%         | £0.00           |
| Health and Safety Audit       | 2   | £136.46                              | £272.92                           | 100.0%       | £136.46         |
| Audit Fee                     | 2   | £1,364.60                            | £136.46                           | -90.0%       | -£1,228.14      |
| Management Fee                | 2   | £272.92                              | £1,403.87                         | 414.4%       | £1,130.95       |
| Facilities Management         | 2   | £682.30                              | £701.93                           | 2.9%         | £19.63          |
| <b>Total</b>                  |     | <b>£9,552.20</b>                     | <b>£8,928.80</b>                  | <b>-6.5%</b> | <b>-£623.40</b> |

| Service Charge Budget Heading | Sch | Budget Heading Cost (inc VAT) YE2019 | Budget Heading Cost (ex VAT) 2020 | Variance (%) | Variance (£)    |
|-------------------------------|-----|--------------------------------------|-----------------------------------|--------------|-----------------|
| Car Park Cleaning             | 3   | £381.24                              | £762.48                           | 100.0%       | £381.24         |
| Car Park Maintenance          | 3   | £1,906.20                            | £762.48                           | -60.0%       | -£1,143.72      |
| Repairs External              | 3   | £381.24                              | £381.24                           | 0.0%         | £0.00           |
| Roof Maintenance              | 3   | £381.24                              | £762.48                           | 100.0%       | £381.24         |
| Gritting                      | 3   | £190.62                              | £190.62                           | 0.0%         | £0.00           |
| External Maintenance          | 3   | £571.86                              | £571.86                           | 0.0%         | £0.00           |
| Security Equipment            | 3   | £152.50                              | £152.50                           | 0.0%         | £0.00           |
| Health and Safety Audit       | 3   | £76.25                               | £152.50                           | 100.0%       | £76.25          |
| Audit Fee                     | 3   | £762.48                              | £76.25                            | -90.0%       | -£686.23        |
| Management Fee                | 3   | £152.50                              | £784.42                           | 414.4%       | £631.92         |
| Facilities Management         | 3   | £381.24                              | £392.21                           | 2.9%         | £10.97          |
| <b>Total</b>                  |     | <b>£5,337.36</b>                     | <b>£4,989.03</b>                  | <b>-6.5%</b> | <b>-£348.33</b> |