



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Wing Yip Business Centre**

**Oldham Road**

**Manchester**

**M4 5HU**

**Service Charge Budget Report**

**1<sup>st</sup> October 2019 –**

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



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## **Introduction**

This report has been produced by Johnson Fellows on behalf of the Landlord, W Wing Yip & Brothers Property and Investments Ltd. It is intended to provide details of the planned expenditure for the service charge period 1<sup>st</sup> October 2019 to 30<sup>th</sup> September 2020.

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; 1<sup>st</sup> Edition.

## **The Property**

The property is located on the A62 Oldham Road, approximately 500m to the north east of Manchester City Centre. Oldham Road is one of the main arterial routes into Manchester. Links to the Motorway network are via J22 of the M60, 2 miles to the east.

The Business Centre adjoins the Wing Yip Superstore and forms an integral part of the same site along with a multi-storey car park. Access to the site is via Cassidy Close.

The Business Centre itself is a four storey brick building under a pitched tiled roof. It consists of multiple business units and a restaurant arranged over the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Floors. It has a dedicated entrance lobby leading to a passenger lift and central staircase. Access to the car park is provided at each level.

The primary services provided for the property consist of internal and external cleaning of the communal parts, utility consumption, lift maintenance, site security and maintenance.

## **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 the 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.

### **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 is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

The budget contains a single schedule that all occupiers contribute towards.

The apportionment percentages are calculated based on gross internal floor areas. However, a weighting is applied to the contribution made by the Cash and Carry Store due to its significantly larger floor area. Similarly, following professional advice, a weighting is provided to the restaurant premises due to the intensity of use.

A full independent measured survey has been completed in advance of the new budget being set in order to verify the floor areas.



## **Management Team**

### 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.

### 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.

### Site Manager:

Ashley Clayton  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Mobile: 07860 207 355  
Email: [ashley.clayton@johnsonfellows.co.uk](mailto:ashley.clayton@johnsonfellows.co.uk)

Ashley Clayton is on site one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters.

### 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**

*All figures are shown net of VAT*

### **SCHEDULE 1 - Business Centre Costs - All Occupiers**

- **Internal Cleaning** **£13,000.00**

The cost heading is for the cleaning contract for the communal areas of the Business Centre including the WC's. The contractor attends 2 hours per day. The budget has been increased for the new year following an increase in the intensity of use.

- **Pest Control** **£850.00**

The budget heading is for the pest control contract for the Business Centre with Rentokil. It has been reduced for the current year.

- **Window Cleaning** **£1,500.00**

The budget covers the cost of the window cleaning contract for the Business Centre based on quarterly visits. It has been maintained at the same level.

- **Estate Cleaning (Drainage)** **£2,500.00**

The expenditure is the estimated contribution towards the annual drainage flush through at the estate, together with a repair to a collapsed pipe.

- **External Landscaping** **£0.00**

The grounds maintenance and landscaping costs have been taken in house and will now be completed by the Johnson Fellows Site Manager.

- **External Repairs & Maintenance** **£1,000.00**

The estimated expenditure is a contribution towards the repair and maintenance of any external building items. The budget has been reduced to reflect the work that the Site Manager will also be able to pick up.

- **Internal Repairs & Maintenance** **£2,000.00**

The cost heading provides a contingency sum for any unforeseen repairs and maintenance to the communal areas. This has been reduced to reflect the work that the Site Manager will be able to complete.

- **Electricity** **£27,000.00**

The cost heading relates to the electricity consumption within the common areas of the estate. The budget has been maintained at the same level, although we will aim to reduce the expenditure following the contract review.



- **Gas** **£3,150.00**

The budget relates to the gas consumption for the heating of the Business Centre. The budget has been maintained at the same level, although we will aim to reduce the expenditure following the contract review.

- **Water Charges** **£1,400.00**

The estimated expenditure relates to the water rates for the Business Centre. The budget has been maintained at the same level.

- **Office Costs** **£600.00**

The cost heading is a contribution towards the telephone services utilised by the site security guards and the lift telephone line.

- **Lift Maintenance Contract** **£680.00**

The cost heading is for the annual maintenance contract for the passenger lift within the Business Centre. The contract consists of 6 visits per annum. It has been significantly reduced following a re-tender.

- **Lift Repairs** **£1,500.00**

The heading allows a contingency sum for any unforeseen repairs that are required to the lift during the year.

- **Lift Inspections & Consultancy** **£0.00**

The budget heading allowed for the periodic inspection of the lift by an independent consultant. This is no longer deemed necessary so the cost has been removed.

- **Life Safety System** **£0.00**

The heading allowed for the annual testing of the lightning protection system. This now included within the M&E Maintenance contract.

- **M&E Maintenance Contract** **£6,000.00**

The cost heading covers the contract cost for the weekly testing of the fire alarm, lightning protection, emergency lighting and boiler service. It has been maintained at the same level.

- **M&E Repairs** **£5,000.00**

The budget heading provides a contingency for repairs to the Landlord's M&E equipment. It has been maintained at the same level.

- **Security Systems** **£2,000.00**

The budget heading covers the cost of the annual CCTV maintenance contract.



- **Health & Safety** **£1,500.00**

The budget covers the costs of completing the annual legionella, health and safety and fire risk assessments. The total budget has been reduced following a re-tender.

- **Staff Costs** **£5,233.00**

The cost heading has been added to the budget for the new year. It represents the Site Manager's costs in respect of the Business Centre. The Site Manager is at the property one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters. Overall, we anticipate that this will result in cost savings over the previous regime, whilst also improving the service.

- **Security Guarding** **£105,000.00**

The budget figure is the cost of the 24/7 site security guarding.

- **Audit Fee** **£900.00**

The cost heading allows for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The budget has been maintained at the same level.

- **Management Fee** **£8,405.00**

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 Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The budget has been increased in line with the Retail Price Index that has shown a 2.88% increase in the past 12 months.

- **Facilities Management** **£4,115.00**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance, ensuring compliance and complete regular site inspections. The budget has been increased in line with the Retail Price Index that has shown a 2.88% increase in the past 12 months.

- **Help Desk** **£0.00**

The budget heading covered the help desk for the previous managing agent. The costs have been removed. Johnson Fellows will field calls directly.

**Total**

- Schedule 1** **£193,333.00**



**Budget Approval**

A handwritten signature in black ink, appearing to read 'C. Lantieri'.

A handwritten signature in black ink, appearing to read 'Dan Starbuck'.

.....  
Facilities Manager

.....  
Partner

Dated 23<sup>rd</sup> September 2019

Dated 23<sup>rd</sup> September 2019



## Appendix A

### Wing Yip Business Centre, Manchester

### Service Charge Apportionment Schedule

### 1st October 2019 - 30th September 2020

Unit	Schedule	Area Sq Ft	Weighted Area Sq Ft	Weighted %
Cash & Carry Store	1	47,681	19,230	48.22%
Units 2A & 2D	1	1,958	1,973	4.95%
Units 3 & 3A	1	11,222	14,925	37.43%
Unit 3B	1	490	490	1.23%
Unit 3C	1	746	746	1.87%
Unit 3D	1	670	670	1.68%
Unit 3E	1	645	645	1.62%
Unit 3F	1	1,198	1,198	3.00%
<b>1 Total</b>		<b>64,610</b>	<b>39,877.00</b>	<b>100.00%</b>

Floor areas measured on a GIA basis

Weighted area for Cash & Carry based on 100% for first 10,000 sq ft, 50% for second 10,000 sq ft, 25% for third 10,000 sq ft, 12.5% for fourth 10,000 sq ft and 6.25% for fifth 10,000 sq ft

Weighted area for restaurant increased by one third due to intensity of use following professional advice



## Appendix B

### Wing Yip Business Centre, Manchester

### Service Charge Variance Schedule

### 1st October 2019 - 30th September 2020

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

Service Charge Item	Schedule	Budget 2018-19	Budget 2019-20
Internal Cleaning	1	£ 11,000.00	£ 13,000.00
Pest Control	1	£ 1,000.00	£ 850.00
Window Cleaning	1	£ 2,500.00	£ 1,500.00
Estate Cleaning (Drainage)	1	£ 500.00	£ 2,500.00
External Landscaping	1	£ 2,000.00	£ -
External Repairs & Maintenance	1	£ 3,000.00	£ 1,000.00
Internal Repairs & Maintenance	1	£ 3,000.00	£ 2,000.00
Electricity	1	£ 27,000.00	£ 27,000.00
Gas	1	£ 3,150.00	£ 3,150.00
Water Charges	1	£ 1,400.00	£ 1,400.00
Office Costs	1	£ 600.00	£ 600.00
Lift Maintenance Contract	1	£ 3,500.00	£ 680.00
Lift Repairs	1	£ -	£ 1,500.00
Lift Inspection & Consultancy	1	£ 175.00	£ -
Life Safe Systems	1	£ 150.00	£ -
M&E Maintenance Contract	1	£ 6,000.00	£ 6,000.00
M&E Repairs	1	£ 5,000.00	£ 5,000.00
Security Systems	1	£ 2,000.00	£ 2,000.00
Health & Safety	1	£ 2,600.00	£ 1,500.00
Staff Costs	1	£ -	£ 5,233.00
Security Guarding	1	£ 105,000.00	£ 105,000.00
Audit Fee	1	£ 900.00	£ 900.00
Management Fee	1	£ 8,170.00	£ 8,405.00
Facilities Management	1	£ 4,000.00	£ 4,115.00
Help Desk	1	£ 500.00	£ -
<b>1 Total</b>		<b>£ 193,145.00</b>	<b>£ 193,333.00</b>