



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Monarch Drive & Martley Road**

**Henwick Park**

**Worcester**

**WR2 6EU**

**Service Charge Budget Report**

**24<sup>th</sup> June 2018 to 23<sup>rd</sup> June 2019**



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## **Introduction**

This report has been produced by Johnson Fellows on behalf of the Landlord, Robin N Johnson. It is intended to provide details of the planned expenditure for the service charge year commencing 24<sup>th</sup> June 2018.

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

## **The Property**

The property is located at the junction of Monarch Drive and Martley Road. It is situated approximately 2 miles to the west of Worcester City Centre. The premises consist of a parade of ground floor retail units, with residential flats above. There is a customer car park to the front of the property and a private service road providing vehicular access to the rear. Communal staircases lead to a walkway terrace, which provides access to the residential flats.

The new units of 28a, 28b & 38a Martley Road are held under a separate company name of Litein Estates. The service charge will continue to be operated on behalf of Robin N Johnson as the owner of all remaining units and the communal areas. Any costs associated with the physical structures of units 28a, 28b & 38a will be excluded from the service charge.

## **Service Charge Objectives**

The objective of Johnson Fellows as Managing Agents 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 the 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 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.

## **Voids and Concessions**

Where any void units exist, the responsibility for the payment of the service charge rests with the Landlord. The Landlord is also responsible for the payment of the service charge in respect of the residential flats that are let on an Assured Shorthold Tenancy basis.

## **VAT**

The property is not elected for VAT. Therefore all expenditure stated within the report is gross of VAT.



## **Banking**

Due to the general level of service charge funds, we do not maintain a discrete bank account for the service charge at this property. The funds are held within the Johnson Fellows Client Account, which is maintained by Barclays Bank plc. As a consequence the service charge is not credited with any interest, nor 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.

There is no sinking fund or reserve fund.

## **Residential Service Charge Obligations**

In accordance with the Landlord & Tenant Act 1987, Section 48 we can confirm that the Landlord is Robin N Johnson and their address for the service of notices is 2<sup>nd</sup> Floor Offices, 1059-1061 Alcester Road South, Kings Heath, Birmingham, B14 5TN.

Please refer to the enclosed details at Appendix C for the relevant legislation of residential long leaseholder's rights and obligations which are relevant to the service charge. Any individual works required where any residential long leaseholders' contribution exceeds £250 plus VAT, we will consult the relevant leaseholders.



### **Service Charge Apportionment**

An additional service charge schedule has been added for the new year. This follows the construction of the new units 28a, 28b & 38a Martley Road that are held under a separate company name. Whilst all units contribute towards the external communal areas, the physical structure of the new units will be excluded from the service charge. Any costs relating to these units will be dealt with separately between the owner and the relevant tenant.

Schedule 1: All Units

Schedule 2: All Units excluding 28a, 28b & 38a Martley Road

The apportionments are based on the gross internal floor area for each unit. Costs that are shared between the schedules such as the Management Fee are apportioned based on the level of other expenditure within the schedule.

An Apportionment Schedule is attached at Appendix A.



## **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 – All Units***

***All figures are shown gross of VAT***

- **Cleaning** **£5,000.00**

The cost heading allows for the services of a cleaner/caretaker to clean, sweep and maintain the communal areas. The contract provides for 6 hours per week. The budget has been reduced in line with last year's expenditure. The contingency sum in last years budget has been removed.

- **Electrical Repair** **£300.00**

The budgeted heading will allow for any unforeseen electrical repairs throughout the service charge year. It has been maintained at the same level.

- **Landscaping** **£480.00**

The budget allows for the general upkeep of the landscaped communal areas of the property, to include weeding and the cutting back of plant material throughout the growing season. It has been maintained at a similar level, but gritting is now placed under a separated schedule.

- **Gritting** **£450.00**

The cost heading is the anticipated cost of gritting through the winter months. The cost per visit is £30. These charges were previously included under Landscaping.

- **External Repair** **£3,000.00**

The cost heading allows for various repairs to be completed throughout the service charge year in respect of the external service area, car park and paving. The budget has been maintained at the same level, but the costs in relation to the building structures have now been placed in Schedule 2 as explained above.

- **Electrical Supply** **£600.00**

The cost figure is for the electricity supply to the communal areas. This is based upon the consumption over the previous twelve months. It has been maintained at the same level.

- **Health & Safety** **£500.00**

The proposed expenditure is for the preparation of a health & safety audit at the site in respect of the communal areas.

- **Audit Fee** **£255.00**

The budget allows for an independent accountant to certify the service charge expenditure for the year as recommended by the RICS Service Charge Code of Practice. The total cost of £300 is split between both schedules on an 85%/15% basis.



- **Management Fee** **£2,635.00**

The figure represents the costs incurred for the preparation and management of the service charge budget, the general management of the property for the 12 month period and periodic inspections. The fixed fee of £3,100 is split between both schedules on an 85%/15% basis.

- **Facilities Management** **£500.12**

The facilities management fee covers the costs for organising and supervising the various contracts in place, dealing with items of maintenance and ensuring legislative compliance. This has been increased in line with the Retail Price Index. The total cost of £588.38 is split between both schedules on an 85%/15% basis.

**Total**

**Schedule 1** **£13,720.12**



**SCHEDULE 2 – All Units excluding 28a, 28b & 38a Martley Road**

**All figures are shown gross of VAT**

- **Building Repair** **£1,500.00**

The cost is for any anticipated repairs relating to the building structure of the original units.

- **Audit Fee** **£45.00**

The budget allows for an independent accountant to certify the service charge expenditure for the year as recommended by the RICS Service Charge Code of Practice. The total cost of £300 is split between both schedules on an 85%/15% basis.

- **Management Fee** **£465.00**

The figure represents the costs incurred for the preparation and management of the service charge budget, the general management of the property for the 12 month period and periodic inspections. The fixed fee of £3,100 is split between both schedules on an 85%/15% basis.

- **Facilities Management** **£88.26**

The facilities management fee covers the costs for organising and supervising the various contracts in place, dealing with items of maintenance and ensuring legislative compliance. This has been increased in line with the Retail Price Index. The total cost of £588.38 is split between both schedules on an 85%/15% basis.

**Total**

**Schedule 2** **£2,098.26**

.....  
Management Surveyor

Dated 3<sup>rd</sup> September 2018

.....  
Facilities Manager

Dated 3<sup>rd</sup> September 2018



Appendix A

**Monarch Drive & Martley Road, Henwick Park, Worcester, WR2 6EU**

**Service Charge Apportionment Schedule**

**24th June 2018 to 23rd June 2019**

<b>Unit</b>	<b>Schedule</b>	<b>Percentage</b>
20 Martley Rd	1	12.75%
22 Martley Rd	1	9.23%
24-28 Martley Rd	1	21.00%
28a Martley Rd	1	7.78%
28b Martley Rd	1	5.05%
138 Monarch Dr	1	9.14%
140 Monarch Dr	1	9.14%
142 Monarch Dr	1	9.13%
Flat 34	1	3.75%
Flat 36	1	3.75%
Flat 38	1	3.82%
Flat 38a	1	5.46%
<b>1 Total</b>		<b>100.00%</b>
20 Martley Rd	2	15.60%
22 Martley Rd	2	11.30%
24-28 Martley Rd	2	25.70%
138 Monarch Dr	2	11.20%
140 Monarch Dr	2	11.20%
142 Monarch Dr	2	11.10%
Flat 34	2	4.60%
Flat 36	2	4.60%
Flat 38	2	4.70%
<b>2 Total</b>		<b>100.00%</b>



**Appendix B**

**Monarch Drive & Martley Road, Henwick Park, Worcester, WR2 6EU**

**Service Charge Variance Schedule**

**24th June 2018 to 23rd June 2019**

The property is not VAT registered. All figures shown gross of VAT.

Service Charge Item	Schedule	Budget 2017/2018	Budget 2018/2019	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£ 6,000.00	£ 5,000.00	-16.67%	-£ 1,000.00
Electrical Repair	1	£ 300.00	£ 300.00	0.00%	£ -
Landscaping	1	£ 1,000.00	£ 480.00	-52.00%	-£ 520.00
Gritting	1	£ -	£ 450.00	N/A%	£ 450.00
External Repair	1	£ 4,500.00	£ 3,000.00	-33.33%	-£ 1,500.00
Electricity Supply	1	£ 600.00	£ 600.00	0.00%	£ -
Health & Safety	1	£ -	£ 500.00	N/A%	£ 500.00
Audit Fees	1	£ 300.00	£ 255.00	-15.00%	-£ 45.00
Management Fees	1	£ 2,739.92	£ 2,635.00	-3.83%	-£ 104.92
Facilities Management	1	£ 569.25	£ 500.12	-12.14%	-£ 69.13
<b>Sch 1 Total</b>		<b>£ 16,009.17</b>	<b>£ 13,720.12</b>	<b>-14.30%</b>	<b>-£ 2,289.05</b>
Building Repair	2	£ -	£ 1,500.00	N/A%	£ 1,500.00
Audit Fee	2	£ -	£ 45.00	N/A%	£ 45.00
Management Fee	2	£ -	£ 465.00	N/A%	£ 465.00
Facilities Management	2	£ -	£ 88.26	N/A%	£ 88.26
<b>Sch 2 Total</b>		<b>£ -</b>	<b>£ 2,098.26</b>	<b>N/A%</b>	<b>£ 2,098.26</b>
<b>Grand Total</b>		<b>£ 16,009.17</b>	<b>£ 15,818.38</b>	<b>-1.19%</b>	<b>-£ 190.79</b>



## **Appendix C**

### **The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007**

- (1) This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.
- (2) Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.
- (3) You have the right to ask a leasehold valuation tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine:
  - a. who should pay the service charge and who it should be paid to;
  - b. the amount;
  - c. the date it should be paid by; and
  - d. how it should be paid.

However, you do not have these rights where:

- e. a matter has been agreed or admitted by you;
  - f. a matter has already been, or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose;
  - g. or a matter has been decided by a court.
- (4) If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.
  - (5) Where you seek a determination from a leasehold valuation tribunal, you will have to pay an application fee and, where the matter proceeds to a hearing, a hearing fee, unless you qualify for a waiver or reduction. The total fees payable will not exceed £500, but making an application may incur additional costs, such as professional fees, which you may also have to pay.
  - (6) A leasehold valuation tribunal has the power to award costs, not exceeding £500, against a party to any proceedings where:
    - a. it dismisses a matter because it is frivolous, vexatious or an abuse of process; or
    - b. it considers a party has acted frivolously, vexatiously, abusively, disruptively or unreasonably.

The Lands Tribunal has similar powers when hearing an appeal against a decision of a leasehold valuation tribunal.

- (7) If your landlord:
  - a. proposes works on a building or any other premises that will cost you or any other tenant more than £250, or



- b. proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period,

Your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or a leasehold valuation tribunal has agreed that consultation is not required.

- (8) You have the right to apply to a leasehold valuation tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.
- (9) You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must:
  - a. cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or
  - b. cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods
- (10) The summary must be given to you within 1 month of your request or 6 months of the end of the period to which the summary relates whichever is the later.
- (11) You have the right, within 6 months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.
- (12) You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.
- (13) Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.