



JOHNSON FELLOWS
CHARTERED SURVEYORS

Monarch Drive & Martley Road

Henwick Park

Worcester

WR2 6EU

Service Charge Expenditure Report

24th June 2021 to 23rd June 2022



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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 expenditure incurred during the service charge year 24th June 2021 to 23rd June 2022.

The service charge is administered having regard to RICS Professional Statement; Service Charges in Commercial Property; 1st Edition.

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 this 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 Unit 15 Enfield Industrial Estate, Redditch, Worcestershire, B97 6BG

Please refer to the enclosed details in 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, will result in consultation with the relevant leaseholders.



Service Charge Apportionment

Two separate service charge schedules are adopted, following the construction of the 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

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.



Expenditure Commentary

SCHEDULE 1

All figures are shown gross of VAT

- **Cleaning** **£4,770.00**

The expenditure relates to the contract for the weekly cleaning, sweeping and maintaining of the communal areas. The expenditure was marginally under budget.

- **Electrical Repair** **£2,075.11**

The budget allowed for any unforeseen electrical repairs. The main expenditure related to the replacement of external light fittings. In addition, there was some re-lamping. The expenditure was over budget.

- **Landscaping** **£1,143.60**

The expenditure relates to the contract for the general upkeep of the landscaped communal areas of the property, including weeding and the cutting back of plant material throughout the growing season. The expenditure came in above budget following the need to increase the frequency and complete additional ad hoc works.

- **Gritting** **£1,598.02**

The cost heading allowed for gritting during the winter months. The expenditure was above budget due to a greater than anticipated requirement.

- **External Maintenance** **£1,709.20**

The cost heading allowed for repairs to be completed to the external service area, car park and paving. The main items of expenditure including the paving, brick wall and fencing repairs. Expenditure was under budget.

- **Electrical Supply** **£303.86**

The expenditure relates to the electricity consumption to the communal areas. It came in under budget.

- **Health & Safety** **£0.00**

The budget provided for the completion of a health & safety audit. This was not completed.

- **Audit Fees** **£255.00**

The cost is for the service charge expenditure for the year to be certified by an independent accountant as recommended by the RICS. The total cost of £300.00 is shared across both schedules on an 85%/15% basis.



- **Management Fee** **£2,778.00**

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

- **Facilities Management Fee** **£528.00**

The facilities management fee is for the running of the contracts and ensuring legislative compliance. The fixed fee is split between both schedules on an 85%/15% basis.

Total

Schedule 1 **£15,160.79**

SCHEDULE 2

All figures are shown gross of VAT

- **Building Repair** **£1,781.80**

The budget allowed a contingency sum for any repairs to the main structure of the original units. The expenditure incurred relates to the repairs to the roof, flashings and gutters.

- **Audit Fees** **£45.00**

The cost is for the service charge expenditure for the year to be certified by an independent accountant as recommended by the RICS. The total cost of £300.00 is shared across both schedules on an 85%/15% basis.

- **Management Fee** **£490.00**

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

- **Facilities Management Fee** **£93.00**

The facilities management fee is for the running of the contracts and ensuring legislative compliance. The fixed fee is split between both schedules on an 85%/15% basis.

Total

Schedule 2 **£2,409.80**



Expenditure Approval

.....
Facilities Manager

Dated 1st February 2023

.....
Partner

Dated 1st February 2023



Appendix A

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

Service Charge Apportionment Schedule

24th June 2021 to 23rd June 2022

Unit	Schedule	Percentage
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%
1 Total		100.00%
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%
2 Total		100.00%



Appendix B

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

Service Charge Variance Schedule

24th June 2021 to 23rd June 2022

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

Service Charge Item	Schedule	Budget 2021/2022	Expenditure 2021/2022	Budget v Budget Variance £
Cleaning	1	£ 5,000.00	£ 4,770.00	-£ 230.00
Electrical Repair	1	£ 300.00	£ 2,075.11	£ 1,775.11
Landscaping	1	£ 480.00	£ 1,143.60	£ 663.60
Gritting	1	£ 450.00	£ 1,598.02	£ 1,148.02
External Maintenance	1	£ 3,000.00	£ 1,709.20	-£ 1,290.80
Electricity Supply	1	£ 600.00	£ 303.86	-£ 296.14
Health & Safety	1	£ 500.00	£ -	-£ 500.00
Audit Fees	1	£ 255.00	£ 255.00	£ -
Management Fees	1	£ 2,778.00	£ 2,778.00	£ -
Facilities Management	1	£ 528.00	£ 528.00	£ -
Sch 1 Total		£ 13,891.00	£ 15,160.79	£ 1,269.79
Building Repair	2	£ 1,500.00	£ 1,781.80	£ 281.80
Audit Fee	2	£ 45.00	£ 45.00	£ -
Management Fee	2	£ 490.00	£ 490.00	£ -
Facilities Management	2	£ 93.00	£ 93.00	£ -
Sch 2 Total		£ 2,128.00	£ 2,409.80	£ 281.80
Grand Total		£ 16,019.00	£ 17,570.59	£ 1,551.59



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.

R N JOHNSON

**HENWICK PARK
MARTLEY ROAD, WORCESTER**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 23RD JUNE 2022

Haines Watts

Henwick Park
Martley Road, Worcester
Certificate of Service Costs for the year ended 23rd June 2022

	2022	2021
Common Parts		
Cleaning	4,770.00	4,760.00
Electrical repair	2,075.11	-
Landscape	1,143.60	999.40
Gritting	1,598.02	-
External Maintenance	1,709.20	4,293.20
Electrical supply	303.86	302.67
Audit fees	255.00	255.00
Management fees	2,778.00	2,737.00
Facilities Management	528.00	520.00
	<u>15,160.79</u>	<u>13,867.27</u>
Building Repairs		
Building Repairs	1,781.80	418.20
Audit Fees	45.00	45.00
Management Fees	490.00	483.00
Facilities Management	93.00	92.00
	<u>2,409.80</u>	<u>1,038.20</u>
Total expenditure	<u>17,570.59</u>	<u>14,905.47</u>

No reserve fund is held for this property

Independent Accountant's Review Report

To the Manager, Henwick Park

We have reviewed the statement of service charge expenditure for the above property for the year ended 23 June 2022. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the RICS in the Code of Practice, Services Charges in Commercial Property, Third edition.

Manager's Responsibility for the Statement of service charge expenditure

The Manager is responsible for the preparation of the statement of service charge expenditure and for such internal control as the Manager determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express a conclusion on the statement of service charge expenditure based on the procedures we have performed and the evidence we have obtained. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements (Revised). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the statement of service charge expenditure, taken as a whole, is not prepared in all material respects in accordance with the provisions of the Code of practice 'Service charges in commercial property' issued by the RICS. ISRE 4000 (Revised) also requires us to comply with relevant ethical requirements.

A review of a statement of service charge expenditure in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others responsible for the services that comprise the service charge on this property, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures do not include review of the allocation or apportionment of service charge expenditure to occupiers.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the statement of service charge expenditure.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the statement of service charge expenditure is not prepared, in all material respects, in accordance with the provisions of the Code of practice 'Service charges in commercial property' issued by the RICS.

Basis of Accounting and Restriction on Distribution and Use

Our report is made in accordance with the terms of our engagement and is intended solely for the Manager to issue to current occupiers. This report should not be distributed to or used by other parties. Our work has been undertaken to enable us to make this report to the Manager and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Manager in connection with the report or this engagement.



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