



JOHNSON FELLOWS
CHARTERED SURVEYORS

Maple Industrial Estate

Hyde Road

Manchester

M12 5AQ

Service Charge Budget Report

1st October 2022 –

30th September 2023



Contents

Introduction

The Property

Service Charge Objectives

VAT

Voids and Concessions

Banking

Reserve Fund

Service Charge Apportionment

Management Team

Budget Commentary

Budget Approval

Appendices

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

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





Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, W Wing Yip Commercial Ltd. It is intended to provide details of the planned expenditure for the service charge period 1st October 2022 to 30th September 2023.

Enclosed within this report is a copy of the Service Charge Budget Schedule and Service Charge Apportionment Schedule.

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

The Property

Maple Industrial Estate is located on the A57 Hyde Road, approximately 1 mile east of Manchester City Centre. Vehicle access into the estate is provided from Bennett Street. Direct access to the motorway network is via J24 of the M60, 3 miles to the east.

Maple Industrial Estate is a former tram depot. It provides a mixture of warehousing and industrial units within its main building. The majority of units are accessed from a central covered mall. The units are largely single storey, although some mezzanine levels have been installed. There is a two storey block to the front of the main building that would originally have been the depot offices. In addition, the railway arches to the north of the estate provide several storage and business units. The physical structures of the railway arches remain under the ownership of Network Rail.

All of the buildings on the estate are of brick construction under industrial style pitched tiled roofs.

The primary services provided for the property consist of cleaning and landscaping of the communal parts, building repairs and site security.

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, or the lease provisions do not permit the full recovery, 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 for each schedule is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

Three separate schedules are adopted. Schedule 1 covers the costs for the external areas of the estate. Schedule 2 covers the costs for the main building and the mall. Schedule 3 relates purely to electrical repairs. This has been separated from Schedule 1 as some of the Arches do not have a power supply. The Schedules are apportioned based on the gross internal floor area.

Schedule One	All occupiers
Schedule Two	Non-Arch occupiers
Schedule Three	All occupiers with a power supply

Where services are shared across schedules, they are split based on the remaining expenditure within each schedule. The current split is 80% Schedule 1 and 20% Schedule 2.



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

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

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

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.



Budget Commentary

All figures are shown net of VAT

SCHEDULE 1 – External Costs - All Occupiers

- **Cleaning** **£5,700.00**

The cost heading is for the cleaning of the communal toilet facilities. This is based on a contract of two visits per week, a one off deep clean, consumables and a contingency sum for any additional works. The budget has been increased slightly to account for increased contract costs and materials.

- **Plumbing Repairs** **£1,000.00**

The cost heading is for any plumbing repairs required to the toilet facilities. The budget has been maintained at the same level.

- **Pest Control** **£2,000.00**

The budget heading is for the pest control contract for the estate. It has been increased for the new year due to the need to complete further pigeon control measures.

- **External Landscaping** **£2,500.00**

The external landscaping was previously completed by the Site Manager. The site managers roll has been removed for the new year. It is now considered more cost effective to run separate dedicated contracts. The budget cost allows for a 6 monthly vegetation cut back and periodic weed treatment.

- **Drain Maintenance** **£2,000.00**

The budget cost is for the annual flush out of the communal drainage system at the estate and associated works. It has been maintained at the same level.

- **External Repairs & Maintenance** **£6,000.00**

The budget heading allows for repairs to the estate road. The budget figure has been reduced following the completion of recent works, but allows for further ad-hoc pothole repairs.

- **Electricity** **£3,500.00**

The cost heading relates to the estimated electricity consumption for the external communal lighting, CCTV and guard hut. It has been increased to allow for the rise in contract costs.

- **Water Charges** **£500.00**

The estimated expenditure relates to the water consumption for the communal toilets. The budget has been maintained at the same level.



- **Health & Safety** **£480.00**

The budget covers the cost of completing the annual health & safety and fire risk assessment for the external areas. It has been reduced for the new year based on last year's expenditure. The total cost of £600.00 is split between Schedules 1 & 2.

- **Security** **£115,000.00**

The cost heading is for the security guarding at the estate for which there is 24 hours a day, 365 days a year coverage. It has been increased for the new year based on last year's expenditure and the increase in the national minimum wage.

- **Gritting** **£500.00**

The estimated expenditure is for the provision of grit for the estate road during the winter months. It has been maintained at the same level.

- **Staff Costs** **£0.00**

The cost heading provided for the Site Manager's costs. This service has been removed for the new year as it was no longer considered cost effective. The works are now shared over the other cost headings.

- **Audit Fee** **£400.00**

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 total cost of £500.00 has been split between Schedules 1 & 2.

- **Management Fee** **£7,506.40**

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 Retail Price Index has shown an 11.84% increase in the past 12 months. However, JF has agreed to cap their fee increase at 6.00% as a gesture towards the tenants. We do reserve the right to adjust our fee in future years when inflation falls again. The total fee is £9,383.00 and is shared between Schedules 1 & 2.

- **Facilities Management** **£3,532.80**

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 RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The Retail Price Index has shown an 11.84% increase in the past 12 months. However, JF has agreed to cap their fee increase at 6.00% as gesture towards the tenants. We do reserve the right to adjust our fee in future years when inflation falls again. The total fee is £4,416.00 and is shared between Schedules 1 & 2.



Total

Schedule 1

£150,619.20



SCHEDULE 2 – Main Building – Non-Arch Occupiers

- **Cleaning** **£700.00**

The cleaning was previously dealt with by the site manager. Now that this service has been removed, a budget figure has been added for the ad hoc works.

- **Building Repairs** **£30,000.00**

The cost heading covers repairs to the main building structure and roof. It has been maintained at the same level for the new year. In 2020 the landlord forward funded essential roof works at the property totalling nearly £100,000. It was proposed that they be reimbursed from the service charge over a 5 year period. The budget includes the third £20,000 instalment. The remaining £10,000 is a contingency sum for ongoing building repairs.

- **Sprinklers** **£0.00**

The budget heading provided for the annual service and associated essential repairs for the communal sprinkler system. The system is being de-commissioned so the costs have been removed.

- **Fire Prevention** **£2,500.00**

The budget has been increased for the new year. In addition to the annual maintenance of the fire alarm panel and the testing of the emergency lighting, the budget now includes the weekly fire alarm checks.

- **Electricity** **£2,350.00**

The budget heading is for the communal electricity consumption within the mall area. It has been increased to allow for the rise in contract costs.

- **Health & Safety** **£120.00**

The budget covers the cost of completing the annual health & safety and fire risk assessment for the external areas. It has been reduced for the new year based on last year's expenditure. The total cost of £600.00 is split between Schedules 1 & 2.

- **Staff Costs** **£0.00**

The cost heading provided for the Site Manager's costs. This service has been removed for the new year as it was no longer considered cost effective. The works are now shared over the other cost headings.

- **Audit Fee** **£100.00**

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 total cost of £500.00 has been split between Schedules 1 & 2.



- **Management Fee** **£1,876.60**

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 Retail Price Index has shown an 11.84% increase in the past 12 months. However, JF has agreed to cap their fee increase at 6.00% as a gesture towards the tenants. We do reserve the right to adjust our fee in future years when inflation falls again. The total fee is £9,383.00 and is shared between Schedules 1 & 2.

- **Facilities Management** **£883.20**

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 RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The Retail Price Index has shown an 11.84% increase in the past 12 months. However, JF has agreed to cap their fee increase at 6.00% as gesture towards the tenants. We do reserve the right to adjust our fee in future years when inflation falls again. The total fee is £4,416.00 and is shared between Schedules 1 & 2.

Total

Schedule 2 **£38,529.80**

SCHEDULE 3 – Electrical Repair – All Occupiers with a power supply

- **Electrical Repair** **£25,000.00**

The cost heading relates to essential repairs that are required following the completion of the landlord's electrical fixed wire test. Last year's budget proposed that this be forward funded by the landlord, with reimbursement taking place from the service charge over a 4-year period. The works were not completed last year due to delays in obtaining quotations. However, the initial instalment of £17,500 from last year's budget will be carried forward as an accrual. The total cost of the first phase of the essential works is now estimated at £86,000. The budget has been increased to allow a third year refund to the landlord of £22,833 (£68,500/3), plus a contingency sum for any additional unforeseen repairs.

Total

Schedule 3 **£25,000.00**



Budget Approval

.....
Facilities Manager

.....
Partner

Dated 14th September 2022

Dated 14th September 2022



Appendix A

Maple Industrial Estate, Manchester

Service Charge Apportionment Schedule

1st October 2022 - 30th September 2023

Unit	Schedule	Area Sq Ft	Percentage
Unit 1	1	15,247	6.56%
Unit 2	1	1,865	0.80%
Unit 3, 4B, 18A & 18B	1	36,603	15.74%
Unit 4	1	3,819	1.64%
Unit 4A	1	1,328	0.57%
Unit 5	1	6,933	2.98%
Unit 6, 10 & 19A	1	41,274	17.75%
Unit 7 & 8	1	13,136	5.65%
Unit 9	1	14,100	6.06%
Unit 11 & 19	1	5,683	2.44%
Unit 12	1	7,839	3.37%
Unit 13	1	20,524	8.82%
Unit 14A	1	1,244	0.53%
Unit 14B	1	498	0.21%
Unit 14C	1	849	0.37%
Unit 14D	1	156	0.07%
Unit 15	1	8,449	3.63%
Unit 16	1	1,742	0.75%
Unit 17	1	1,385	0.60%
Unit 19B	1	1,321	0.57%
Unit 19C	1	1,321	0.57%
Arch 1	1	2,726	1.17%
Arch 2	1	2,711	1.17%
Arch 3	1	2,824	1.21%
Arch 4	1	2,731	1.17%
Arch 5	1	2,743	1.18%
Arch 6	1	2,831	1.22%
Arch 7	1	2,796	1.20%
Arch 8	1	2,775	1.19%
Arch 9	1	2,826	1.22%
Arch 10	1	2,791	1.20%
Arch 11	1	2,796	1.20%
Arch 12	1	2,772	1.19%
Arch 13	1	2,765	1.19%
Arch 14	1	2,785	1.20%
Arch 15	1	2,777	1.19%
Arch 16	1	2,804	1.21%
Arch 17	1	2,806	1.21%
Advertising Hoarding	1	-	
1 Total		232,575	100.00%
Unit 1	2	15,247	8.23%
Unit 2	2	1,865	1.01%
Unit 3, 4B, 18A & 18B	2	36,603	19.75%
Unit 4	2	3,819	2.06%
Unit 4A	2	1,328	0.72%
Unit 5	2	6,933	3.74%
Unit 6, 10 & 19A	2	41,274	22.27%
Unit 7 & 8	2	13,136	7.09%
Unit 9	2	14,100	7.61%
Unit 11 & 19	2	5,683	3.07%
Unit 12	2	7,839	4.23%
Unit 13	2	20,524	11.08%
Unit 14A	2	1,244	0.67%
Unit 14B	2	498	0.27%
Unit 14C	2	849	0.46%
Unit 14D	2	156	0.08%
Unit 15	2	8,449	4.56%
Unit 16	2	1,742	0.94%
Unit 17	2	1,385	0.75%
Unit 19B	2	1,321	0.71%
Unit 19C	2	1,321	0.71%
2 Total		185,316	100.00%



Appendix A (continued)

Unit 1	3	15,247	7.07%
Unit 2	3	1,865	0.86%
Unit 3, 4B, 18A & 18B	3	36,603	16.97%
Unit 4	3	3,819	1.77%
Unit 4A	3	1,328	0.62%
Unit 5	3	6,933	3.21%
Unit 6, 10 & 19A	3	41,274	19.13%
Unit 7 & 8	3	13,136	6.09%
Unit 9	3	14,100	6.54%
Unit 11 & 19	3	5,683	2.63%
Unit 12	3	7,839	3.63%
Unit 13	3	20,524	9.51%
Unit 14A	3	1,244	0.58%
Unit 14B	3	498	0.23%
Unit 14C	3	849	0.39%
Unit 14D	3	156	0.07%
Unit 15	3	8,449	3.92%
Unit 16	3	1,742	0.81%
Unit 17	3	1,385	0.64%
Unit 19B	3	1,321	0.61%
Unit 19C	3	1,321	0.61%
Arch 1	3	2,726	1.26%
Arch 2	3	2,711	1.26%
Arch 4	3	2,731	1.27%
Arch 5	3	2,743	1.27%
Arch 9	3	2,826	1.31%
Arch 10	3	2,791	1.29%
Arch 11	3	2,796	1.30%
Arch 12	3	2,772	1.28%
Arch 13	3	2,765	1.28%
Arch 14	3	2,785	1.29%
Arch 15	3	2,777	1.29%
3 Total		215,739	100.00%



Appendix B

Maple Industrial Estate, Manchester

Service Charge Budget Schedule

1st October 2022 - 30th September 2023

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

Service Charge Item	Schedule	Budget 2021-22	Budget 2022-23
Cleaning	1	£ 5,200.00	£ 5,700.00
Plumbing Repairs	1	£ 1,000.00	£ 1,000.00
Pest Control	1	£ 1,600.00	£ 2,000.00
External Landscaping	1	£ 200.00	£ 2,500.00
Drain Maintenance	1	£ 2,000.00	£ 2,000.00
External Repairs & Maintenance	1	£ 10,000.00	£ 6,000.00
Electricity	1	£ 2,000.00	£ 3,500.00
Water Charges	1	£ 500.00	£ 500.00
Health & Safety	1	£ 760.00	£ 480.00
Security	1	£ 93,000.00	£ 115,000.00
Gritting	1	£ 500.00	£ 500.00
Staff Costs	1	£ 3,170.00	£ -
Audit Fee	1	£ 380.00	£ 400.00
Management Fee	1	£ 6,728.00	£ 7,506.40
Facilities Management	1	£ 3,166.00	£ 3,532.80
1 Total		£ 130,204.00	£ 150,619.20
Cleaning	2	£ -	£ 700.00
Building Repairs	2	£ 30,000.00	£ 30,000.00
Sprinklers	2	£ 3,750.00	£ -
Fire Prevention	2	£ 1,000.00	£ 2,500.00
Electricity	2	£ 1,350.00	£ 2,350.00
Health & Safety	2	£ 240.00	£ 120.00
Staff Costs	2	£ 1,001.00	£ -
Audit Fee	2	£ 120.00	£ 100.00
Management Fee	2	£ 2,124.00	£ 1,876.60
Facilities Management	2	£ 1,000.00	£ 883.20
2 Total		£ 40,585.00	£ 38,529.80
Electrical Repair	3	£ 25,000.00	£ 25,000.00
3 Total		£ 25,000.00	£ 25,000.00
TOTAL		£ 195,789.00	£ 214,149.00

Shared costs are split 80% Schedule 1 and 20% Schedule 2