



JOHNSON FELLOWS
CHARTERED SURVEYORS

Olton Bridge,
245 Warwick Road,
Olton, Solihull,
B92 7AH

Service Charge Budget Report

1st January 2020 to

31st December 2020



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Introduction

Johnson Fellows LLP were appointed property management surveyors of Olton Bridge by Olton Bridge (Warwick Road) Ltd with effect from 1st January 2019.

This will be only the second service charge budget we have issued, so if any clarification is required, we will be please to provide this.

A service charge operates to fund Olton Bridge (Warwick Road) Ltd who are responsible for the upkeep of the communal areas and services.

The service charge budget report is intended to provide details of the planned expenditure for the forthcoming service charge year. It is reviewed each year with the objective that budgets accurately forecast the expenditure.

The service charge budget has been approved by the Directors of the management company following due consideration of the planned expenditure.

The Property

The property comprises of communal grounds around six units which are in separate ownership. All units originally provided office accommodation, but three units (No. 1, 3 and 5) have been converted into multiple self-contain residential flats. Unit 5 was converted at the end of 2019. All units have rights over the communal areas.

The communal areas comprise of an entrance drive from Ulverley Crescent with automated gate, surface and twin-level car parking, footpaths, surface-water drains, boundary walls and soft landscaped areas. The communal services include external lighting, commercial refuse and cleaning.

Voids and Concessions

All freeholders of the units are liable to contribute their share of the service charge, regardless of any of the units being vacant.

VAT

The Landlord has elected the property for VAT.

As there are a combination of commercial and residential occupiers, separate service charge schedules have been adopted to allow for the correct accounting of VAT.

The service charge payable by the commercial occupiers has VAT charged at the standard rate and the service charge will be collected using payment requests, with VAT invoices issued on receipt of payment.

The residential occupiers are charged service charge inclusive of VAT, as the landlord is unable to recover the VAT on this part of the service charge expenditure.

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.

Reserve Fund

Historically there has been a reserve fund, held for anticipated repairs in subsequent service charge years. This is financial prudent as it allows these repairs to be planned in advance and for irregular costs to be spread over a period of time to avoid erratic service charge expenditure. For this reason, the Directors have instructed the reserve fund is maintained at a level of £12,500. As at December 2018 the balance of the reserve fund of £13,727.38 was transferred to Johnson Fellows. There will be an additional transfer from a VAT refund due from HM Revenue & Customs.

An allowance for VAT is made in the reserve fund for the residential units.

The reserve fund is held in a discrete bank account with interest credited to it. Any banking costs are paid from the service charge together with any tax on the interest earned.

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 to promote clarity and transparency and to allow the leaseholders to budget accurately.

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 deliver a high-quality management service to provide a well-maintained environment and deliver value for money.

The service charge is administered having regard to Service Charges in Commercial Property; RICS Code of Practice and the Service Charge Residential Management Code; RICS Code of Practice.

Residential Service Charge Obligations

In accordance with the Landlord & Tenant Act 1987, Section 48, it is confirmed that the Management Company is the freeholder of Landlord is Olton Bridge (Warwick Road) Ltd and their address for the service of notices is Carleton House, 266-268 Stratford Road, Shirley, Solihull, B90 3AD.

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, we will consult the relevant leaseholders.

Management Team

Facilities Manager:

Robert Scott
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW



Direct Dial: 0121 234 0407
Mobile: 07540 732 602
Email: robert.scott@johnsonfellows.co.uk

Robert Scott is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Neil Wetherell
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0406
Mobile: 07836 313 914
Email: neil.wetherell@johnsonfellows.co.uk

Neil Wetherell 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.

Service Charge Apportionment

The service charge operates for the common parts of the property. The apportionment percentages for each Freeholder are noted in Appendix A, Service Charge Apportionment.

Not all occupiers benefit from all services and different occupiers are treated differently for VAT. For these reasons two service charge schedules are used, details of which are set out below. Expenditure for the property is split having regard to the sum of the historical apportionment percentages of the units within the two schedules.

Schedule 1 – Commercial (43.86%)

Units 2, 4 and 6 have commercial occupiers who benefit from all services. They are detailed in Schedule 1 where the budget is stated net of VAT.

The occupier's historical apportionment percentages have been adjusted so that within Schedule 1 they proportionately add up to 100%.

Schedule 2 – Residential (56.14%)

Units 1, 3 and 5 have residential occupiers who benefit from all services with the exception of refuse. They are detailed in Schedule 2 where the budget is stated inclusive of VAT.

The occupier's historical apportionment percentages have been adjusted so that within Schedule 2 they proportionately add up to 100%.



Budget Commentary

SCHEDULE 1 – Commercial (43.86%)

All figures are shown net of VAT

- **Cleaning** **£1,973.70**

The contract cost for cleaning the external common areas, seasonal cutting of grass and a provision for the removal of any fly tipping.

- **Refuse** **£2,000.00**

The contract cost for the disposal of commercial refuse. We have retendered this contract during 2019 and as a consequence the budget has been reduced.

We are undertaking a further review now all units are occupied to ascertain if there has been a reduction in the amount of commercial refuse. If there has, we will reduce the collection and obtain a further cost saving. However, we have reports of surplus domestic waste being placed in the commercial bins.

- **Electrical Repair** **£328.95**

There are no planned works to the communal electrical fittings. The budget reflects a contingency for any reactive repairs required during the year.

- **Landscape - External** **£877.20**

The costs for maintaining the soft landscaped areas and pruning of trees.

- **Repairs – External** **£1,096.50**

There are no planned works. The budget reflects a contingency for re-active works.

- **Electricity Supply** **£263.16**

The contract cost (Npower) for the communal electric supply serving the entrance gate and communal lighting.

- **Interest** **£0**

We have identified historical bank costs which if incurred would be allocated to this budget heading.

- **Reserve Fund** **£438.60**

A contribution to the reserve fund to maintain the desired level of £12,500.



- **Insurance** **£74.56**

The premium for insuring the reinstatement of the common parts and property owners' liabilities.

- **Audit Fee** **£438.60**

The Landlord and Tenant Act 1985 and RICS regulations require that service charge accounts are approved by independent qualified accountants. The accountants also maintain the Management Company's registered office and Company House records. This budget cover the accountants fee.

- **Management Fee** **£1,527.46**

This figure represents the fee to manage the property and administer the service charge. It is a fixed fee indexed linked annually to RPI.

- **Facilities Management** **£328.95**

This budget provides for the Facilities Managers fee for contract administration.

Total

- Schedule 1** **£9,347.68**

Please note this budget is **net** of VAT at 20%.



SCHEDULE 2 – Residential (56.14%)

All figures are shown inclusive of VAT

- **Cleaning** **£2,526.30**

The contract cost for cleaning the external common areas, seasonal cutting of grass and a provision for the removal of any fly tipping.

- **Electrical Repair** **£505.26**

There are no planned works to the communal electrical fittings. The budget reflects a contingency for any reactive repairs required during the year.

- **Landscape - External** **£1,347.36**

The costs for maintaining the soft landscaped areas and pruning of trees.

- **Repairs – External** **£1,684.20**

There are no planned works. The budget reflects a contingency for re-active works.

- **Electricity Supply** **£404.21**

The contract cost (Npower) for the communal electric supply serving the entrance gate and communal lighting.

- **Interest** **£0**

We have identified historical bank costs which if incurred would be allocated to this budget heading.

- **Reserve Fund** **£673.68**

A contribution to the reserve fund to maintain it at the desired level of £12,500.

- **Insurance** **£95.44**

The premium for insuring reinstatement of the common parts and property owners' liabilities.

- **Audit Fee** **£673.68**

The Landlord and Tenant Act 1985 and RICS regulations require that service charge accounts are approved by independent qualified accountants. The accountants also maintain the Management Company's registered office and Company House records. This budget covers the accountants fee.

- **Management Fee** **£2,346.14**

This figure represents the fee to manage the property and administer the service charge. It is a fixed fee indexed linked annually to RPI.



- **Facilities Management** **£505.26**

This budget provides for the Facilities Managers fee for contract administration.

Total

Schedule 2 **£10,761.53**

Please note this budget is **inclusive** of VAT.

GRAND TOTAL **£20,109.21**

.....
Management Surveyor

.....
Facilities Manager

Dated 30th October 2019

Dated 30th October 2019



Appendix A

Olton Bridge, 245 Warwick Road, Olton, Solihull, B92 7AH (02153)

Service Charge Apportionment

1st January 2020 to 31st December 2020

Unit	Schedule	Original Percentage (Whole Development)	Percentage (Schedule)	On Account (PA)	
Unit 2	1 - Commercial (43.86%)	13.73%	31.304%	£	2,926
Unit 4	1 - Commercial (43.86%)	15.19%	34.633%	£	3,237
Unit 6	1 - Commercial (43.86%)	14.94%	34.063%	£	3,184
1 Total		43.86%	100.000%	£	9,348
Unit 1	2 - Residential (56.14%)	14.65%	26.095%	£	2,808
Unit 3	2 - Residential (56.14%)	26.08%	46.455%	£	4,999
Unit 5	2 - Residential (56.14%)	15.41%	27.449%	£	2,954
2 Total		56.14%	100.000%	£	10,762
Grand Total		100.00%		£	20,109

Note

Schedule 1 for commercial units and service charge collected net of VAT
Schedule 2 for residential units and service charge collected inclusive of VAT
Unit 5 converted to residential so moved from Sch 1 to Sch 2 for 2020 budget



Appendix B

Olton Bridge, 245 Warwick Road, Olton, Solihull, B92 7AH (02153)

Service Charge Variance

1st January 2020 to 31st December 2020

The property is VAT registered. Figures shown in Schedule 1 are net of VAT. Figures shown in Schedule 2 are inclusive of VAT.

Service Charge Item	Schedule	Actual 2018	Budget 2019	Budget 2020	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1 - Commercial (43.86%)	£ 1,753	£ 2,405.00	£ 1,973.70	-17.93%	£ 431
Refuse	1 - Commercial (43.86%)	£ -	£ 3,000.00	£ 2,000.00	-33.33%	£ 1,000
Electrical Repair	1 - Commercial (43.86%)	£ -	£ 3,150.00	£ 328.95	-89.56%	£ 2,821
Landscape - External	1 - Commercial (43.86%)	£ -	£ 1,031.00	£ 877.20	-14.92%	£ 154
Repairs - External	1 - Commercial (43.86%)	£ 2,847	£ 2,893.00	£ 1,096.50	-62.10%	£ 1,797
Electricity Supply	1 - Commercial (43.86%)	£ 251	£ 344.00	£ 263.16	-23.50%	£ 81
Interest	1 - Commercial (43.86%)	£ 50	£ -	£ -	N/A	£ -
Reserve Fund	1 - Commercial (43.86%)	£ -	£ 5,440.00	£ 438.60	-108.06%	£ 5,879
Insurance	1 - Commercial (43.86%)	£ -	£ 659.00	£ 74.56	-88.69%	£ 584
Audit Fees	1 - Commercial (43.86%)	£ 509	£ 603.00	£ 438.60	-27.26%	£ 164
Management Fees	1 - Commercial (43.86%)	£ 1,947	£ 1,947.00	£ 1,527.46	-21.55%	£ 420
Facilities Management	1 - Commercial (43.86%)	£ -	£ -	£ 328.95	N/A	£ 329
1 Total		£ 7,357	£ 10,592.00	£ 9,347.68	-11.75%	£ 1,244
Cleaning	2 - Residential (56.14%)	£ 1,308	£ 2,154.00	£ 2,526.30	17.28%	£ 372
Electrical Repair	2 - Residential (56.14%)	£ -	£ 2,820.00	£ 505.26	-82.08%	£ 2,315
Landscape - External	2 - Residential (56.14%)	£ -	£ 923.00	£ 1,347.36	45.98%	£ 424
Repairs - External	2 - Residential (56.14%)	£ 2,549	£ 2,588.00	£ 1,684.20	-34.92%	£ 904
Electricity Supply	2 - Residential (56.14%)	£ 225	£ 307.00	£ 404.21	31.66%	£ 97
Interest	2 - Residential (56.14%)	£ 38	£ -	£ -	N/A	£ -
Reserve Fund	2 - Residential (56.14%)	£ -	£ 4,060.00	£ 673.68	-116.59%	£ 4,734
Insurance	2 - Residential (56.14%)	£ -	£ 491.00	£ 95.44	-80.56%	£ 396
Audit Fees	2 - Residential (56.14%)	£ 455	£ 531.00	£ 673.68	26.87%	£ 143
Management Fees	2 - Residential (56.14%)	£ 1,743	£ 1,744.00	£ 2,346.14	34.53%	£ 602
Facilities Management	2 - Residential (56.14%)	£ -	£ -	£ 505.26	N/A	£ 505
2 Total		£ 6,318	£ 7,498.00	£ 10,761.53	43.53%	£ 3,264
Grand Total		£ 13,675	£ 18,090.00	£ 20,109.21	11.16%	£ 2,019

NOTE

1. The property is VAT registered. Figures shown in Schedule 1 are net of VAT. Figures shown in Schedule 2 are inclusive of VAT.
2. Unit 5 converted to residential so moved from Sch 1 to Sch 2 for 2020 budget



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.