



JOHNSON FELLOWS
CHARTERED SURVEYORS

42/48 Clayhanger Lane,

Brownhills,

Walsall,

West Midlands, WS8 7DT

Service Charge Budget Report

29th September 2022 to

28th September 2023



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Introduction

The service charge budget report is intended to provide details of the planned expenditure for the forthcoming service charge year.

A service charge is necessary due to there being communal structures, services and areas.

The Property

The property comprises of two single-storey buildings. The larger building is occupied by Midcounties Coop and trades as a convenience store. The other building is in multiple occupation, comprising three shop units. In between the two buildings is a shared gated service yard and to the front is a car park. A section of car park to the side of the larger building has been fenced off.

The common parts serving the whole property include the car park, service yard, soft landscaped areas and the boundary walls/fences. The communal systems include the external lighting and pump for the drains. The main structure and the external elements of the smaller building is communal to just those tenants who occupy one of the three units.

Voids and Concessions

The service charge for any void lettable units or attributable to any service charge concessions is the responsibility of the Landlord.

VAT

The Landlord has elected the property for VAT.

The service charge has VAT charged at the standard rate.

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

A reserve fund has not been established.

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 also to promote clarity and transparency and to allow the leaseholders to budget accurately for the forthcoming year.

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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 provide a high-quality management service in order to provide a well-maintained environment and delivering value for money for the service charge expenditure.

The service charge is administered having regard to Service Charges in Commercial Property.

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:

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 Apportionment

Not all common parts of the property serve all occupiers, for this reason we have adopted a number of service charge schedules.

The car park, service yard, lighting and drain pumps serve all units and the apportionment of these costs are contained in Schedule 1.

The external and structural common parts of the building in multiple occupation benefits only the occupiers of the building. These costs are allocated to Schedule 2.

All tenant's apportionment percentages for each schedule are noted within the Service Charge Apportionment detailed in Appendix A.

Budget Commentary

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SCHEDULE 1 – General

All figures are shown net of VAT

- **Management Fee** **£965**

This figure represents 80% of the fee to manage the property and administer the service charge detailed in Schedule 1 which is indexed linked annually to RPI.

- **S/C Audit Fees** **£350**

The service charge code provides for the service charge accounts to be certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts.

Feedback is requested from each tenant if they would be agreeable to the service charge not being certified which would result from a cost saving.

- **Facilities Manager** **£499**

The figure represents the facilities managers fee to administer the maintenance contracts and organise the repair and maintenance of the common parts. It is a fixed fee indexed linked annually to RPI.

- **Landlords risk assessments, audits & reviews** **£559**

The budget for the annual health and safety audit of the common parts of the property.

- **Electricity** **£294**

The electricity to the external communal lighting is supplied from the Co-op store. A fixed annual contribution linked to RPI is paid to the Co-op.

- **External Cleaning** **£3,500**

The external cleaning is undertaken three times a week. The areas cleaned are the litter bins, car park and landscaped areas. There is a contingency for the removal of fly tipping. The contract is with Toms Cleaning and Garden Services, a local contractor nominated by one of the tenants.

- **External Landscape** **£2,000**

A new contract is being arranged for the maintenance of the soft landscaped areas, as the previous proposed contract could not be implemented, and a temporary one-off attendance was arranged.

- **Snow clearance / Gritting** **£1,500**

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The budget for the gritting of the car park, service yard and pedestrian walkways.

- **Drainage** **£3,000**

The contract for the maintenance of the drainage pump. The maintenance contract is being placed with Fastaway who resolved the pump failure during 2021/2022. They will attend once a year to empty and clean the pump pit, service the pumps and flush the drains. This new contract will be closely monitored given the problems during 2021/2022. There is also a small contingency for reactive repairs.

- **External Repairs and Maintenance** **£1,000**

A budget for reactive repairs to the car park, service yard and boundaries.

- **Electrical Repairs** **£250**

A budget for reactive repairs required during the year.

Total

Schedule 1 **£13,917**

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

SCHEDULE 2 – Building

All figures are shown net of VAT

- **Management Fee** **£241**

This figure represents 20% of the fee to manage the property and administer the service charge detailed in Schedule 2 which is indexed linked annually to RPI.

- **Building Repair** **£500**

The budget for reactive repairs required to the external parts of the building, which is not required will fund the clean of the guttering.

Total

Schedule 2 **£741**

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

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NSH... ..

[Signature]

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Management Surveyor

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Facilities Manager

11th August 2022
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11th August 2022
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Appendix A

Brownhills Walsall:42/48 Clayhanger Lane (02132)

Service Charge Unit Percentages

Recovery Group = sc

Reconciliation Period = 29/09/2022-28/09/2023

*Amounts in gbp

Unit	Tenant	Days	Schedule 1	Schedule 2
0001	The Midcounties Co-operative Limited	365.00	73.0000	0.0000
0002	Mr C Georgiou	365.00	9.0000	33.3300
0003	Mr WK Lee	365.00	9.0000	33.3400
0004	Void	365.00	9.0000	33.3300
	Total		100.0000	100.0000

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Appendix B

Brownhills Walsall:42/48 Clayhanger Lane (02132)

Service Charge Budget Comparison

Recovery Group = sc

Reconciliation Period = 29/09/2022-28/09/2023

*Amounts in gbp

Code	Description	Esti Actual (09/2021)	Budget (09/2022)	Budget (09/2023)	Variance	%
1	Schedule 1					
5100-0101	Management Fee	831.00	863.29	965.42	102.13	11.83%
5100-0203	S/C Audit Fees	350.00	350.00	350.00	0.00	0.00%
5100-0309	Facilities Manager	429.00	445.56	498.82	53.25	11.95%
5100-0401	Landlords risk assessments, audits & reviews	500.00	500.00	559.21	59.21	11.84%
5200-0501	Electricity	250.00	262.77	293.89	31.12	11.84%
5300-1002	External Cleaning	2,126.23	3,500.00	3,500.00	0.00	0.00%
5300-1009	External Landscaping	1,300.00	800.00	2,000.00	1,200.00	150.00%
5300-1010	Snow clearance / Gritting	1,500.00	1,500.00	1,500.00	0.00	0.00%
5300-1016	Drainage	1,700.00	3,000.00	3,000.00	0.00	0.00%
5400-1502	External Repairs and maintenance	600.00	1,500.00	1,000.00	-500.00	-33.33%
5400-1535	Electrical Repair	1,667.70	250.00	250.00	0.00	0.00%
	Schedule Total	11,253.93	12,971.62	13,917.33	945.72	7.29%
2	Schedule 2					
5100-0101	Management Fee	208.00	215.82	241.36	25.53	11.83%
5400-1530	Building Repair	0.00	500.00	500.00	0.00	0.00%
	Schedule Total	208.00	715.82	741.36	25.53	3.57%
	Total	11,461.93	13,687.44	14,658.69	971.25	7.10%

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