



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**5/7 High Street**

**Henley-in-Arden**

**Solihull**

**B95 5AA**

**Service Charge Expenditure Report**

**1<sup>st</sup> December 2022 to**

**30<sup>th</sup> November 2023**



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## **Introduction**

This report is intended to provide details of the expenditure for the service charge year.

A service charge is required for the upkeep of the communal structures, services and areas benefiting the occupiers.

## **The Property**

The property comprises of a three-storey office building. To the rear is a car park to the offices with vehicular access from Millfield Court.

The common parts serving the whole property include the main structure and the external elements of the building, the car park and the boundary walls/fences. The communal areas also include the front ground floor entrance to the building, reception, stairs to the first and second floor offices and toilets on the first floor.

In addition to the common areas of the building, there are common services including cleaning, heating and all utilities, including electricity consumed within the office suites.

As Managing Agents, Johnson Fellows is appointed to undertake the financial administration of the service charge and facility management of the contracts, ensuring that they are periodically retendered and provide value for money. The actual on-site property management is undertaken directly by the Landlord.

## **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. Consequently, the service charge is stated net of VAT which is 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**

There is no reserve fund.



## **Service Charge Objectives**

The object of this report is to provide clear explanation 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 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 aims to provide a high-quality management service in order to deliver value for money for the service charge expenditure.

The service charge is administered having regard to RICS professional statement: Service charges in commercial property, 1<sup>st</sup> edition.

Due to the level of expenditure and the relationship between the landlord and tenants, the service charge is not certified by external accountants. This approach will be reviewed if circumstances change.

## **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:

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](mailto:neil.wetherell@johnsonfellows.co.uk)

Neil Wetherell is responsible for the overall management of the property.

## **Service Charge Apportionment**

The service charge operates for the whole property as defined in the lease documents. The apportionment percentages for each lessee are noted within the Service Charge Apportionment detailed in Appendix A.

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All tenants are liable for contributing towards all expenditure.

The apportionment of the service charge has regard to the NIA of the accommodation, using the areas adopted by the letting agents.

### **Commentary**

*All figures are shown net of VAT*

- **Management Fee** **£2,094**

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

- **Facilities Manager** **£644**

This figure represents the fee to administer and re-tender the contracts. It is a fixed fee indexed linked annually to RPI.

- **Landlords risk assessments, audits & review** **£760**

The expenditure for the testing of the water and portable electrical appliances throughout the building.

- **Electricity** **£8,724**

The single electricity supply to the whole property, including all office suites. The electricity costs increased for a number of reasons:

- The main explanation for the increase electric costs is that the existing contract expired and the new contract reflects significantly higher market rates.
- Electric vehicle charging points were installed during the year which resulted in increased consumption which has been funded by a one off contribution by Opus. Going forward arrangements have been put in place for the users to fund the electric used to charge vehicles.
- Full air conditioning has been provided to the ground floor offices (not a service charge cost) which has resulted in increased electrical consumption; however this will also result in lower gas costs as the central heating no longer serves these offices.
- Due to these exceptional circumstances, the landlord has made a one off contribution to the service charge of £2,500 to mitigate the increased costs.

- **Gas** **£4,320**

There is a single gas supply for the boiler providing heating and hot water to the building. The costs were below budget reflecting reduced consumption because of the new boiler, no gas heating to the ground floor and market rates for gas having eased.

- **Water and Sewage Charges** **£579**

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There is a single metered water supply for the property. The expenditure was above budget reflecting increased consumption based upon the water company's estimates. We are pressing for the account to be brought up to date with an actual meter reading.

- **Satellite/TV Aerial** **£159**

The cost of the TV licence in the reception area.

- **Internal Cleaning** **£6,728**

The contract cost for the cleaning of the common areas, the individual office suites and windows together with toilet supplies. The cost was slightly above budget.

- **Refuse Collection** **£1,211**

The contract cost for the refuse removal, comprising one Euro bin emptied periodically. The cost was in line with the budget.

- **Drainage** **£0**

No maintenance was required to the drains during the year.

- **Boiler Maintenance** **£1,633**

The cost of the maintenance contract for the central heating was retendered in conjunction with the boiler being replaced and going forward the maintenance costs will be reduced.

Early in the service charge year there was one repair call out.

- **Fire Prevention/Detection** **£1,035**

The cost of maintaining and testing of the fire alarm and extinguishers.

- **Internal Repairs and Maintenance** **£135**

Minor internal decorations were completed.

- **External Repairs and Maintenance** **£470**

Minor external maintenance works were completed, including updating the signaged.

- **Other Income** **-£2,500**

The landlords one off contribution to the service charge to assist with the high electricity costs.

### **Total**

**Schedule 1** **£25,992**

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The expenditure was £1,815 (6.5%) below budget due in part to the Landlords one off contribution to help with the high electricity costs.

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

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Management Surveyor

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## Appendix A

5/7 High Street, Henley In Arden (02033)

### **Service Charge Unit Percentages**

Recovery Group = sc

Reconciliation Period = 01/12/2022-30/11/2023

\*Amounts in gbp

<b>Unit</b>	<b>Tenant</b>	<b>Days</b>	<b>Schedule 1</b>
0001	<b>Opus Land Limited (Original)</b>	365.00	49.0000
0002	<b>Tiger Coatings UK Ltd (Renewal)</b>	365.00	19.0000
0003	<b>GM Asset Management Limited (Original)</b>	24.00	1.5123
0003	<b>GM Asset Management Limited (Original)</b>	341.00	21.4877
0004	<b>Ms K Burrows (Renewal)</b>	365.00	9.0000
	<b>Total</b>		<b>100.0000</b>

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## Appendix B

5/7 High Street, Henley In Arden (02033)

### Service Charge Budget Comparison

Recovery Group = sc

Reconciliation Period = 01/12/2022-30/11/2023

\*Amounts in gbp

Code	Description	Actual (11/2023)	Budget (11/2023)	Variance	%
<b>1</b>	<b>Schedule 1</b>				
5100-0101	Management Fee	2,094.00	2,094.00	0.00	0.0000
5100-0309	Facilities Manager	644.00	644.00	0.00	0.0000
5100-0401	Landlords risk assessments, audits i	759.74	559.00	200.74	35.9106
5200-0501	Electricity	8,724.30	4,100.00	4,624.30	112.7878
5200-0601	Gas	4,319.80	6,500.00	-2,180.20	-33.5415
5200-0801	Water and sewage charges	578.50	400.00	178.50	44.6250
5200-0901	Satellite/TV Aerial	159.00	160.00	-1.00	-0.6250
5300-1001	Internal Cleaning	6,728.02	6,000.00	728.02	12.1337
5300-1014	Refuse collection	1,211.15	1,100.00	111.15	10.1045
5300-1016	Drainage	0.00	250.00	-250.00	-100.0000
5400-1208	Boiler Maintenance	1,632.97	3,000.00	-1,367.03	-45.5677
5400-1211	Fire prevention/detection	1,035.50	1,000.00	35.50	3.5500
5400-1501	Internal Repairs and maintenance	135.00	1,000.00	-865.00	-86.5000
5400-1502	External Repairs and maintenance	470.00	1,000.00	-530.00	-53.0000
5500-1703	Other income	-2,500.00	0.00	-2,500.00	
	<b>Schedule Total</b>	<b>25,991.98</b>	<b>27,807.00</b>	<b>-1,815.02</b>	<b>-6.5272</b>
	<b>Total</b>	<b>25,991.98</b>	<b>27,807.00</b>	<b>-1,815.02</b>	<b>-6.5272</b>

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