



JOHNSON FELLOWS
CHARTERED SURVEYORS

5/7 High Street

Henley-in-Arden

Solihull

B95 5AA

Service Charge Budget Report

1st December 2022 to

30th November 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 required for the upkeep of the communal structures, services and areas benefiting the occupiers.

The service charge is reviewed each year so the budgets reflect accurately the services required and the expenditure incurred.

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 are appointed to undertake the financial administration of the service charge and facility management of the contracts, ensuring that they are periodically tendered and provide value for money. The actual on-site property management is undertaken directly by our client.

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 budget 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 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.

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.

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

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 service charge contracts 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

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 as detailed in Appendix A.

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.



Budget Commentary

SCHEDULE 1 – Whole

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** **£559**

The cost of the annual health and safety inspection of the building.

- **Electricity** **£4,100**

There is a single electricity supply to the whole property, including all office suites. The budget is the same as last year.

- **Gas** **£6,500**

There is a single gas supply for the boiler providing heating and hot water not only to the common parts but all the offices. The budget is the same as last year.

- **Water and Sewage Charges** **£400**

There is a single metered water supply for the property. The budget is the same as last year.

- **Satellite/TV Aerial** **£160**

The cost of the TV licence in the reception area.

- **Internal Cleaning** **£6,000**

The contract cost for the cleaning of the common areas, the individual office suites and windows together with toilet supplies. The budget has been increased to reflect the costs being incurred.

- **Refuse Collection** **£1,100**

The contract cost for the refuse removal, comprising one Euro bin emptied periodically. The budget is at the same level as last year.

- **Drainage** **£250**

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We have included a contingency.

- **Boiler Maintenance** **£3,000**

The cost of the maintenance contract for the central heating together with a contingency for repairs.

- **Fire Prevention/Detection** **£1,000**

The cost of maintaining and testing of the fire alarm and extinguishers. There is no change to the budget.

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

We have included an increased contingency for repairs to the internal common parts.

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

We have included a contingency for repairs to the structure and external parts of the property.

Total

Schedule 1 **£27,807**

This represents an increase of £5,199 to the previous year's budget, reflecting 23%. The main reason for this increase is the cost of utilities.

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Management Surveyor

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Facilities Manager



Appendix A

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

Service Charge Unit Percentages

Recovery Group = sc

Reconciliation Period = 01/12/202-30/11/2023

*Amounts in gbp

Unit	Tenant	Days	Schedule 1
0001	Opus Land Ltd	365.00	49.00%
0002	Tiger Coatings UK Ltd	365.00	19.00%
0003	N/A	365.00	23.00%
0004	Ms K Burrows	365.00	9.00%
Total			100.00%

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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 (11/2021)	Budget (11/2022)	Budget (11/2023)	Variance	%
1	Schedule 1					
5100-0101	Management Fee	1,417	1,472	2,094	622	42.26%
5100-0309	Facilities Manager	555	576	644	68	11.76%
5100-0401	Landlords risk assessments, audits & reviews	-	500	559	59	11.84%
5200-0501	Electricity	2,732	3,000	4,100	1,100	36.67%
5200-0601	Gas	3,755	3,750	6,500	2,750	73.33%
5200-0801	Water and sewage charges	352	400	400	-	0.00%
5200-0901	Satellite/TV Aerial	-	160	160	-	0.00%
5300-1001	Internal Cleaning	5,949	6,000	6,000	-	0.00%
5300-1014	Refuse collection	904	1,000	1,100	100	10.00%
5300-1016	Drainage	150	250	250	-	0.00%
5400-1208	Boiler Maintenance	3,501	2,500	3,000	500	20.00%
5400-1211	Fire prevention/detection	1,028	1,000	1,000	-	0.00%
5400-1501	Internal Repairs and maintenance	1,000	1,000	1,000	-	0.00%
5400-1502	External Repairs and maintenance	1,000	1,000	1,000	-	0.00%
	Schedule Total	22,342	22,608	27,807	5,199	23.00%
	Total	22,342	22,608	27,807	5,199	23.00%

