



137 Newhall Street

Birmingham

B3 1SW

Service Charge Budget Report

1st April 2022 to 31st March 2023



Johnsonfellows.co.uk



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





Introduction

This report has been produced by Johnson Fellows on behalf of 137 Newhall Street (Management) Ltd. It is intended to provide details of the planned expenditure for the service charge period 1st April 2022 to 31st March 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 Practice Standards; Service Charges in Commercial Property; 3rd Edition, Code of Practice.

The Property

The property is 137 Newhall Street is a multi-occupied office development refurbished in the late 1980's comprising twelve units over four floors providing a total of 21,166 sqft of accommodation. The units are owned by individual long leaseholder, some of which are sublet.

The main entrance leads to a welcoming reception area which benefits from a commissionaire service and a lift to all floors. There is an electronically gated access to the onsite car park located to the rear of the property. All occupiers have 24 hours access to the property.

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 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.

Void and Concessions

The responsibility for the service charge rests with the individual long leaseholders.

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

A reserve fund has been implemented for the new service charge year. This is to provide for future costs for maintaining the property. The Reserve Fund will be held in a discrete bank account in order to obtain interest on the retained funds.

The reserve fund stands at £124,600 as at the 31st March 2022. It is anticipated a significant sum of this fund will be expended within this service charge year in respect of the refurbishment of the lift car and associate equipment. At this stage it is estimated the cost of the works will be circa £70K.



Service Charge Apportionment

The apportionment basis has regard to the net internal floor areas. Each long leaseholder pays an amount calculated as a percentage of the floor space they are demised in relation to the total demised floor area of the property.

A Service Charge Apportionment Schedule is attached at Appendix A.

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:

Maria Lazenbury
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07887 745 635
Email: maria.lazenbury@johnsonfellows.co.uk

Maria Lazenbury 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.



- **Lift Maintenance** **£4,000**
This provisional budget is to cover the cost of servicing and ad hoc repairs.
 - **External Repairs and Maintenance** **£1,000**
This heading is the budgeted cost for the external repairs and maintenance of the car park area
 - **Building Repair** **£5,000**
This provision is for budgeted costs for building repairs.
 - **Management Fee** **£4,000**
This figure represents the costs incurred for the management of the property and administration of the service charge, including periodic inspections. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation.
 - **Facilities Management** **£3,000**
The figure represents the costs incurred in organising and supervising the various contracts in place, dealing with items of maintenance and ensure compliance.
 - **Building Manager** **£25,326**
This heading is including all the associated costs of employing the building manager/commissionaire.
 - **Audit /Accounting Fees** **£2,450**
The RICS Service Charge Code of Practice states that it is best practice for service charge accounts to be independently certified on an annual basis. The expenditure relates to the accountant's fee in respect of this.
 - **Insurance** **£10,100**
This heading provides for the premiums due in respect of Building, Engineering, Terrorism and Public and Property Owners Liability insurance for the property.
 - **Reserve Fund** **£2,000**
This heading is for the provision of future costs for repairing, maintaining, replacing and renewing equipment in respect of the building.
- Total** **£92,626**

Overall, the provision for this years' expenditure has increased by 5.61% over the 2022 budget. This is to take into account in the general rise in costs and incorporates the increase in national insurance charges and minimum wage that take effect this year and will impact various contracts in place. In addition, a provision towards a reserve fund has been introduced to start to replenish the fund, as expenditure will be incurred for major items of repair and maintenance required in respect of the lift equipment this year.

maria Lazenbury

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Facilities Manager

Management Surveyor

Appendix A

**137 Newhall
Street,
Birmingham**

Service Charge Apportionment Schedule

Unit	Schedule	Area Sq Ft	Apportionment
1	1	970	4.58%
2	1	1,840	8.69%
3	1	2,216	10.47%
4 & 5	1	2,680	12.66%
6	1	2,517	11.89%
7	1	1,140	5.39%
8	1	1,480	6.99%
9	1	2,323	10.98%
10	1	1,160	5.48%
11	1	2,171	10.26%
12	1	2,669	12.61%
Total		21,166	100.00%



Appendix B

Service Charge Variance Schedule

1st April 2022 to 31st March 2023

The property is VAT registered. Figures for Schedule 1 shown net of VAT.

Service Charge Item	Schedule	Budget 21/22	Budget 22/23	Budget v Budget Variance £
Signage	1	£ 500	£ 500	£ -
Electricity	1	£ 8,000	£ 9,500	£ 1,500
Water and Sewage Charges	1	£ 50	£ 50	£ -
Security guarding	1	£ 2,900	£ 2,900	£ -
Security Equipment	1	£ 100	£ 100	£ -
Electrical maintenance	1	£ -	£ 5,300	£ 5,300
Internal cleaning	1	£ 6,500	£ 6,900	£ 400
Window cleaning	1	£ 750	£ 750	£ -
Drain Maintenance	1	£ 1,200	£ 1,000	-£ 200
Landlords Risk Assessments, Audits & Reviews	1	£ 2,000	£ 1,000	-£ 1,000
Pest control	1	£ 1,000	£ 1,000	£ -
Gritting	1	£ 200	£ 250	£ 50
Refuse Collection	1	£ 5,300	£ 5,300	£ -
Fire Prevention	1	£ 1,200	£ 1,200	£ -
Lift Maintenance	1	£ 5,900	£ 4,000	-£ 1,900
External Repairs and Maintenance	1	£ 200	£ 1,000	£ 800
Building Repair	1	£ 5,000	£ 5,000	£ -
Redecoration	1	£ 3,400	£ -	-£ 3,400
Management Fees	1	£ 8,700	£ 4,000	-£ 4,700
Facilities management Fees	1	£ -	£ 3,000	£ 3,000
Building Manager	1	£ 23,450	£ 25,326	£ 1,876
Audit/Accounting Fees	1	£ 2,450	£ 2,450	£ -
Insurance	1	£ 7,400	£ 10,100	£ 2,700
Professional Fees PPM	1	£ 1,500	£ -	-£ 1,500
Reserve Fund	1	£ -	£ 2,000	£ 2,000
Total		£ 87,700	£ 92,626	£ 4,926