



JOHNSON FELLOWS

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

Service Charge Expenditure Report

1st January 2022 to

31st December 2022



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Introduction

A service charge operates to fund Olton Bridge (Warwick Road) Ltd, the management company who hold the freehold of the external communal areas of Olton Bridge and whose sole purpose is maintain the communal areas and services. The common areas and services serve the six buildings at the property. The Directors of Olton Bridge (Warwick Road) Ltd are appointed by the freeholders of each of the six buildings.

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

The Property

The property comprises of communal grounds around six buildings which are in separate ownership. Three of the buildings provided office accommodation and three buildings comprise of residential flats. All units have rights over the communal areas.

The communal areas comprise of an entrance drive from Ulverley Crescent with automated gates, 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

There are no void lettable units and no service charge concessions. These would otherwise be the responsibility of Olton Bridge (Warwick Road) Ltd.

VAT

The property de-registered for VAT on 1st March 2022.

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. Consequently, 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 irregular service charge expenditure. This is financial prudent as it allows these repairs to be planned and the costs spread over a period of time to avoid erratic service charge contributions. For this reason, the Directors have instructed the reserve fund is usually maintained at a level of £12,500 which is kept under review. As there are known additional costs the level of the reserve fund has been increased this year from the unspent budget. The balance of the reserve fund at the start of the year was £14,004.35. A contribution has been paid to the Reserve Fund this year from the unspent budget of £9,050.00, so the balance at the end of the service charge year is £23,054.35.

The reserve fund is held in a discrete bank account controlled exclusively by the management company. As such the reserve fund is not covered by the RICS Client Money Protection Scheme.

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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 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 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 Freeholder 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 will be subject to consultation with the relevant leaseholders.

Insurance

The service charge expenditure includes the property and terrorism. Johnson Fellows are appointed to arrange and administer this insurance in accordance with our agreed Terms of Insurance Business. To provide transparency on the cost of insurance, below is detailed the commission included within the premiums.

Cost of Insurance	JF Commission %	JF Commission £	Broker Commission %	Broker Commission £
Real Estate	15%	£24.38	15%	£24.38
Terrorism	5%	£1.08	5%	£1.08

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

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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 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. For this reason service charge schedules are used, details of which are set out below. The apportionment within the schedules is based upon historic percentages which we understand reflects the floor area of each unit.

Schedule 1 – All

The share of the expenditure paid by all units.

Schedule 2 – Commercial

The refuse expenditure paid only by the commercial units is detailed in Schedule 2.

Commentary

SCHEDULE 1 – ALL

All figures are shown inclusive of VAT.

- **Management Fee** **£4,432**

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

- **Audit Fee** **£2,501**

The Landlord and Tenant Act 1985 and RICS regulations require that service charge accounts are approved by independent qualified accountants. The expenditure also includes the costs for accountants to maintaining the Management Company's registered office, company accounts and Company House records.

- **Facilities Management** **£955**

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This Facilities Managers fee for contract administration and statutory compliance. It is a fixed fee indexed linked annually to RPI.

- **Health & Safety** £0

No expenditure was incurred during the year.

- **Electricity** £683

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

- **External Cleaning** £4,077

The contract cost for grass cutting and litter pick.

- **External Landscaping** £60

The costs for applying weed killer.

- **Snow Clearance / Gritting** £0

No expenditure was incurred during the year.

- **External Repairs and Maintenance** £60

One minor repair to an uneven area of brick pavements.

- **Entrance Gate Maintenance** £0

No expenditure was incurred during the year.

- **Electrical Repairs** £490

Minor repairs to a security light and new light bulbs.

- **Building Insurance** £238

The premium for insuring reinstatement of the common parts.

- **Reserve Fund** £9,050

A contribution to the reserve fund from the unspent service charge budget.

Total

Schedule 1 £22,545

As schedule 1 expenditure was below budget, the balance was paid to the reserve fund in anticipation of works required to the drainage in the basement car park and boundary walls.

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SCHEDULE 2 – Commercial

All figures are shown inclusive of VAT.

- **Refuse collection** **£1,792**

The contract cost for the disposal of the commercial occupiers refuse.

The residential refuse is collected by the council.

Total

Schedule 2 **£1,792**

The schedule 2 expenditure was below budget, the balance has been paid into the reserve fund.

GRAND TOTAL **£24,338**

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Management Surveyor

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Facilities Manager

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Appendix A

Olton Bridge, Solihull (p0000018)

Service Charge Unit Percentages

Recovery Group = sc

Reconciliation Period = 01/01/2022-31/12/2022

*Amounts in gbp

Unit	Tenant	Days	All	Commercial
UNIT_1	Unit 1 Olton Bridge Limited (Original)	365.00	14.6500	0.0000
UNIT_2	Whittaker:AJ Bell (PP) Trustees Ltd & MC (Original)	365.00	13.7300	31.3000
UNIT_3	Olton Bridge Mews Management Co. Ltd (Original)	365.00	26.0800	0.0000
UNIT_4	Dove Property Investments Limited (Original)	365.00	15.1900	34.6300
UNIT_5	Dove Property Investments Ltd (Original)	365.00	15.4100	0.0000
UNIT_6	Exclusive Property Management Limited (Original)	365.00	14.9400	34.0700
	Total		100.0000	100.0000

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Appendix B

Olton Bridge, Solihull (p0000018)

Service Charge Budget Comparison

Recovery Group = sc

Reconciliation Period = 01/01/2022-31/12/2022

*Amounts in gbp

Code	Description	Actual (12/2022)	Budget (12/2022)	Variance	%
1	All				
5100-0101	Management Fee	4,431.76	4,431.76	0.00	0.0000
5100-0203	S/C Audit Fees	2,501.00	2,700.00	-199.00	-7.3704
5100-0309	Facilities Manager	955.06	955.06	0.00	0.0000
5100-0402	Health & Safety	0.00	600.00	-600.00	-100.0000
5200-0501	Electricity	683.02	1,115.79	-432.77	-38.7860
5300-1002	External Cleaning	4,076.64	5,003.51	-926.87	-18.5244
5300-1009	External Landscaping	60.00	2,400.00	-2,340.00	-97.5000
5300-1010	Snow clearance / Gritting	0.00	120.00	-120.00	-100.0000
5400-1502	External Repairs and maintenance	60.00	3,000.00	-2,940.00	-98.0000
5400-1528	Entrance Gate Maintenance	0.00	360.00	-360.00	-100.0000
5400-1535	Electrical Repair	490.00	360.00	130.00	36.1111
5600-1901	Building Insurance	238.42	300.00	-61.58	-20.5267
5700-2202	Reserve fund	9,050.00	1,200.00	7,850.00	654.1667
	Schedule Total	22,545.90	22,546.12	-0.22	-0.0010
2	Commercial				
5300-1014	Refuse collection	1,792.15	2,400.00	-607.85	-25.3271
	Schedule Total	1,792.15	2,400.00	-607.85	-25.3271
	Total	24,338.05	24,946.12	-608.07	-2.4375

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Appendix C

Service Costs Audit Statement (Including Reserve Fund)

Olton Bridge (Warwick Road) Ltd

Units 1-6 Olton Bridge
245 Warwick Road, Olton, Solihull

Service Costs Review for the year ended 31 December 2022

2022

Schedule 1 (Residential & Commercial)

Cleaning		4,076.64
Electrical repairs	no VAT charged	490.00
Landscaping - External		60.00
Repairs - External		60.00
Electricity Supply		683.02
Insurance		238.42
Audit and Accountancy Fees		2,501.00
Management Fees		4,431.76
Facilities Management		955.06
To reserve fund		<u>9,050.00</u>
		22,545.90

Schedule 2 (Commercial)

Refuse	Gross	1,665.02
Refuse (transfer from PO2153)	Net	127.13
		<u>1,792.15</u>
Total expenditure		<u>24,338.05</u>

Reserve Fund

Balance brought forward at 1 January	14,004.35
Interest earned	-
Reserved in year	9,050.00
Balance carried forward at 31 December	<u>23,054.35</u>

Independent Accountant's Review Report

We have reviewed the statement of service charge expenditure for the property for the year ended 31 December 2022. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the RICS Code of Practice, Service Charges in Commercial Property, third edition.

Manager's Responsibility for the Statement of service charge expenditure

The Manager is responsible for the preparation of the statement of service charge expenditure and for such internal control as the Manager determines is necessary to enable the preparation of statements that are free from misstatement, whether due to fraud or error.

Change in designation of expenditure

Commencing year end 31 December 2022, expenditure is analysed as schedule 1 and schedule 2 rather than residential and commercial.

The company is now deregistered in respect of VAT and going forward all expenditure will be stated gross.

Thomas & Young LLP
Thomas & Young Limited
Chartered Accountants

15 August 2024
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Carleton House
266-268 Stratford Road
Shirley
Solihull
B90 3AD

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Appendix D
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

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- 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.

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Olton Bridge (Warwick Road) Ltd

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