



JOHNSON FELLOWS
CHARTERED SURVEYORS

Wing Yip Business Centre

544 Purley Way

Croydon

London CR0 4NZ

Service Charge Budget Report

1st October 2019 –

30th September 2020



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Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, W Wing Yip & Brothers Property and Investments Ltd. It is intended to provide details of the planned expenditure for the service charge period 1st October 2019 to 30th September 2020.

Enclosed within this report is a copy of the Service Charge Variance Schedule and Service Charge Apportionment Schedule.

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

The Property

The property is located on the A23 Purley Way within the Greater London town of Croydon. It lies approximately 1 mile from Croydon town centre, which is 10 miles to the south of the City of London. Motorway access is via J7 of the M25, 7 miles to the south.

The Business Centre is a purpose built 2 storey retail premises, occupying a shared site with the Wing Yip Superstore. It has brick facades under a pitched tiled roof. The site includes surface car parking, together with an upper deck car parking above the newly extended Superstore.

Internally the Business Centre is arranged as small shopping mall. There are a mixture of retail and restaurant units over two levels, with a central staircase and a balcony style walkway.

The primary services provided for the property consist of internal and external cleaning of communal parts, utility consumption, lift maintenance, waste management, site security and external landscaping and maintenance.

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 the 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, consequently the expenditure stated within this report is net of VAT.



Voids and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord.

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

There is no reserve fund.



Service Charge Apportionment

The apportionment for each schedule is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

There have previously been seven schedules. A revised apportionment basis has been adopted for the new year. This accounts for the completion of the extension of the Wing Yip store, the new car parking facility and the newly created entrance from the Business Centre. Schedules one, three, four, five and seven have been incorporated into a single schedule. The result is that there are now three schedules in total. Schedule One is contributed towards by all occupiers. Schedule Two is for the refuse costs of the non restaurant occupiers. Schedule Three is for restaurant bin store areas.

Schedule One	All Occupiers – General Business Centre and Estate Costs
Schedule Two	Business Centre Occupiers Excluding Restaurants – Refuse Costs
Schedule Three	Restaurant Occupiers – Bin Store

The apportionments are calculated having regard to net internal floor areas. A weighting has been applied to the areas for the Cash & Carry and restaurant units to reflect the benefit of the services and intensity of use.



Management Team

Management Surveyor:

Ian Starbuck
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07887 745 635
Email: ian.starbuck@johnsonfellows.co.uk

Ian Starbuck is responsible for the overall management of the property.

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.

Site Manager:

Ashley Clayton
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Mobile: 07860 207 355
Email: ashley.clayton@johnsonfellows.co.uk

Ashley Clayton is on site one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters.

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.



Budget Commentary

All figures are shown net of VAT

SCHEDULE 1 – All Occupiers - General Business Centre and Estate Costs

- **Internal Cleaning** **£12,500.00**

The cost heading is for the cleaning contract for the communal areas of the Business Centre and the new lift lobby and car park stairwell. The budget has been increased for the new year to account for the increased areas.

- **Pest Control** **£750.00**

The budget heading is for the pest control contract for the Business Centre and the surrounding estate with Rentokil.

- **Window Cleaning** **£2,000.00**

The budget covers the cost of the window cleaning contract for the Business Centre. The budget has been reduced following the contract retender.

- **External Cleaning** **£1,000.00**

The estimated expenditure is for the external cleaning of the estate. The budget has been reduced to reflect the work that the Site Manager will also be able to pick up.

- **Building Repairs** **£2,000.00**

The estimated expenditure is a contribution towards the repair and maintenance of any external building items. It has been maintained at the same level.

- **External Landscaping** **£1,000.00**

The grounds maintenance and landscaping costs have been taken in house and will now be completed by the Johnson Fellows Site Manager. The cost heading is for any additional ad-hoc works that are required.

- **Cleaning (Drainage)** **£0.00**

The cost heading relates to the cleaning of the ACO drain within the Business Centre. This will now be picked up directly by the Johnson Fellows Site Manager.

- **Internal Repairs & Maintenance** **£1,500.00**

The estimated expenditure provides a contingency sum for any unforeseen repairs and maintenance to the communal areas of the Business Centre. This has been reduced to reflect the work that the Site Manager will be able to complete. The budget has been reduced.



- **Gritting** **£3,000.00**

The cost heading has been added for the new year to provide for the gritting of the new car park and accessways over the winter months.

- **External Maintenance** **£1,500.00**

The budget figure is the estimated expenditure for any communal repairs to the estate and car park. The budget has been reduced to reflect the work that the Site Manager will also be able to pick up.

- **Electricity** **£20,000.00**

The cost heading relates to the electricity consumption for the common areas of the estate. The budget has been maintained at the same level, although we will aim to reduce the expenditure following the contract review.

- **Lift Maintenance Contract** **£4,000.00**

The cost heading is for the annual maintenance contract for the passenger lift within the Business Centre and the three new lifts within the car park lobby. The contract consists of 12 visits per annum. The budget has been increased to reflect the additional lifts to be maintained.

- **Lift Repairs** **£1,000.00**

The heading allows a contingency sum for any unforeseen repairs that are required to the lifts during the year. It has been increased due to the three the additional lifts at site.

- **M&E Maintenance Contract** **£4,100.00**

The cost heading covers the contract cost for the weekly testing of the fire alarm, emergency lighting, tap temperature checks. It has been maintained at the same level.

- **M&E Repairs** **£8,500.00**

The budget heading provides for repairs to the Landlord's M&E equipment. It includes for essential works to the smoke vents, external lighting, automatic doors and a contingency for any unforeseen items.

- **Lift Inspections & Consultancy** **£0.00**

The budget heading allowed for the periodic inspection of the lift by an independent consultant. This is no longer deemed necessary so the cost has been removed.

- **Life Safety System** **£0.00**

The heading allowed for the annual testing of the lightning protection system. The is now included within the M&E Maintenance contract.



- **Office Costs** **£0.00**

The cost heading allowed for the telephone lift line. This is no longer required, allowing the budget to be removed.

- **Security Systems** **£800.00**

The budget heading covers the cost of the annual CCTV maintenance contract.

- **Help Desk** **£0.00**

The budget heading covered the help desk for the previous managing agent. The costs have been removed. Johnson Fellows will field calls directly.

- **Health & Safety** **£1,000.00**

The budget covers the costs of completing the annual health and safety and fire risk assessments. The total budget has been reduced following a re-tender.

- **Staff Costs** **£13,370.00**

The cost heading has been added to the budget for the new year. It represents the Site Manager's costs in respect of the Business Centre. The Site Manager is at the property one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters. Overall we anticipate that this will result in cost savings over the previous regime, whilst also improving the service.

- **Security Guarding** **£105,000.00**

The budget figure is the Business Centre's contribution towards the 24/7 site security guarding.

- **Audit Fee** **£900.00**

The cost heading allows for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The budget has been maintained at the same level.

- **Management Fee** **£11,960.00**

This figure represents the costs incurred for the management of the property, administration of the service charge and completing periodic inspections. The RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The budget has been increased in line with the Retail Price Index that has shown a 2.88% increase in the past 12 months.



- **Facilities Management** **£3,086.00**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance, ensuring compliance and complete regular site inspections. The budget has been increased in line with the Retail Price Index that has shown a 2.88% increase in the past 12 months.

Total

Schedule 1 **£198,966.00**

SCHEDULE 2 – Business Centre Occupiers Excluding Restaurants – Refuse Costs

- **Waste Management** **£1,200.00**

The costs allow for the refuse collection contract for the Business Centre occupiers, other than the restaurant occupiers. The restaurants maintain their own contracts.

Total

Schedule 2 **£1,200.00**

SCHEDULE 3 – Restaurant Occupiers – Bin Store Costs

- **Cleaning** **£1,000.00**

The estimated expenditure is for the quarterly cleaning of the bin store.

- **Pest Control** **£500.00**

The budget heading is for the pest control contract for the bin store.

Total

Schedule 3 **£1,500.00**



Budget Approval

A handwritten signature in black ink, appearing to read 'C. Lantieri'.

A handwritten signature in black ink, appearing to read 'Dan Starbuck'.

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Facilities Manager

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Partner

Dated 25th September 2019

Dated 25th September 2019



Appendix A

Wing Yip Business Centre, Croydon

Service Charge Apportionment Schedule

1st October 2019 - 30th September 2020

Unit	Schedule	Area Sq Ft	Weighted Area Sq Ft	Percentage
Cash & Carry	1	127,906.00	39,000.00	60.36%
Unit 1 & 1A	1	5,726.00	7,443.00	11.52%
Unit 2 & 3	1	1,418.00	1,843.00	2.85%
Unit 3A	1	312.00	312.00	0.48%
Unit 3B	1	332.00	332.00	0.51%
Unit 5A	1	521.00	521.00	0.81%
Unit 5B	1	521.00	521.00	0.81%
Unit 6	1	886.00	886.00	1.37%
Unit 7 & 8	1	1,658.00	2,155.00	3.34%
Unit 9	1	777.00	777.00	1.20%
Unit 10	1	3,290.00	4,277.00	6.62%
Unit 11	1	697.00	697.00	1.08%
Unit 12	1	483.00	483.00	0.75%
Unit 13	1	528.00	528.00	0.82%
Unit 15	1	1,230.00	1,230.00	1.90%
Unit 16 & 17	1	2,283.00	2,968.00	4.59%
Unit 18	1	635.00	635.00	0.98%
1 Total		149,203.00	64,608.00	100.00%
Unit 3A	2	312.00	312.00	4.51%
Unit 3B	2	332.00	332.00	4.80%
Unit 5A	2	521.00	521.00	7.53%
Unit 5B	2	521.00	521.00	7.53%
Unit 6	2	886.00	886.00	12.80%
Unit 9	2	777.00	777.00	11.23%
Unit 11	2	697.00	697.00	10.07%
Unit 12	2	483.00	483.00	6.98%
Unit 13	2	528.00	528.00	7.63%
Unit 15	2	1,230.00	1,230.00	17.77%
Unit 18	2	635.00	635.00	9.17%
2 Total		6,922.00	6,922.00	100.00%
Unit 1 & 1A	3	5,726.00	7,443.00	39.83%
Unit 2 & 3	3	1,418.00	1,843.00	9.86%
Unit 7 & 8	3	1,658.00	2,155.00	11.53%
Unit 10	3	3,290.00	4,277.00	22.89%
Unit 16 & 17	3	2,283.00	2,968.00	15.88%
3 Total		14,375.00	18,686.00	100.00%

Weighted area for Cash & Carry based on 100% for first 10,000 sq ft, then 80%, 60%, 50%, 40%, 30% 20%, 10% for each subsequent 10,000 sq ft

Weighted area for restaurant units increased by one third due to intensity of use following professional advice



Appendix B

Wing Yip Business Centre, Croydon

Service Charge Budget Schedule

1st October 2019 - 30th September 2020

The property is VAT registered. Figures for all schedules are shown net of VAT.

Service Charge Item	Schedule	Budget 2019-20
Internal Cleaning	1	£ 12,500.00
Pest Control	1	£ 750.00
Window Cleaning	1	£ 2,000.00
External Cleaning	1	£ 1,000.00
Building Repair	1	£ 2,000.00
External Landscaping	1	£ 1,000.00
Estate Cleaning (Drains)	1	£ -
Internal Repairs & Maintenance	1	£ 1,500.00
Gritting	1	£ 3,000.00
External Maintenance	1	£ 1,500.00
Electricity	1	£ 20,000.00
Lift Maintenance Contract	1	£ 4,000.00
Lift Repairs	1	£ 1,000.00
M&E Maintenance Contract	1	£ 4,100.00
M&E Repairs	1	£ 8,500.00
Lift Inspection & Consultancy	1	£ -
Life Safe Systems	1	£ -
Office Costs	1	£ -
Security Systems	1	£ 800.00
Help Desk	1	£ -
Health & Safety	1	£ 1,000.00
Staff Costs	1	£ 13,370.00
Security Guarding	1	£ 105,000.00
Audit Fee	1	£ 900.00
Management Fee	1	£ 11,960.00
Facilities Management Fee	1	£ 3,086.00
1 Total	£	198,966.00
Waste Management	2	£ 1,200.00
2 Total	£	1,200.00
Cleaning	3	£ 1,000.00
Pest Control	3	£ 500.00
3 Total	£	1,500.00
TOTAL	£	201,666.00