



Case Study

Service Charge Administration Framework
Multi-Let Office Building



Leading UK Service Charge Consultants



Property Solutions (PSL) were approached by an existing client for assistance with setting up a service charge regime at a building of circa 150,000 sq ft.

Setting up a service charge framework at a building on behalf of a head-lessee

The client occupied the whole building under an FRI lease and had sublet circa 40% of the available office space to several tenants. In addition, there was a tenant occupying a self-contained retail unit with a fixed service charge (with annual RPI linked uplifts). The client had been collecting quarterly on-accounts but had made no arrangements to reconcile the costs or produce service charge budgets for future years.

Several meetings were held initially with the local facilities management team and a full assessment of all services on site was undertaken considering benefit received, hours of operation and recoverability under the terms of the individual leases. Cost information was obtained from the client's finance and energy teams, reviewed and queried with the facilities manager as necessary. An apportionment matrix was produced, taking into account that certain 24/7 services were provided for selected tenants and client business units only.

PSL initially produced the service charge certification for two years, then secured an on-going instruction to produce budgets and certificates. PSL worked closely with the local FM, with annual site visits undertaken as part of the certification process, and general support for queries in respect of the tenants' occupation (lease terms, service delivery obligations, recoverability of costs, etc.). PSL were also responsible for issuing the service charge documentation to the tenants and the resolution of any subsequent queries.

The building had an annual service charge of just over £1m, resulting in recovery of circa £400k per annum. PSL also assisted with the calculation of demised electricity recharges equating to circa £100k per annum.

TYPE

Multi-Let Office Building

LOCATION:

Regional Centre, UK

BUILDING AREA:

150,000 sq. ft