



JOHNSON FELLOWS
CHARTERED SURVEYORS

Market Hall Street/Church Street

Cannock

Staffordshire

WS11 1EB

Service Charge Expenditure Report

1st April 2019 to 31st March 2020



Contents

Introduction

The Property

Voids and Concessions

VAT

Banking

Service Charge Objectives

Management Team

Service Charge Apportionment

Expenditure Commentary

Appendices

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule

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





Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Cabot Investments Limited. It is intended to provide details of the expenditure incurred during the service charge year 1st April 2019 to 31st March 2020.

The Property

The subject property is located within Cannock town centre. It comprises two storey retail and ancillary accommodation fronting Market Hall Street and three storey retail and ancillary accommodation fronting Church Street. There is a car parking area/service deck at second floor level, which is accessed via Church Street.

Internal common areas include stairs from the second floor service deck, the first floor corridor, stairs from the first floor corridor, the ground floor corridor and the goods lifts within Phases 1&2 (Market Hall Street).

Voids and Concessions

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

VAT

The Landlord has elected the property for VAT, consequently the expenditure figures stated within this report are net of VAT.

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.

There is no sinking fund or reserve fund.

Service Charge Objectives

The objective of Johnson Fellows as Managing Agents 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 report is to provide a clear explanation of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency.



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.

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 repair and maintenance of the property and statutory compliance.

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.

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.



Service Charge Apportionment

The principle for the apportionment of the service charge expenditure is to enable the sharing of costs of the common services between the occupiers who benefit from the services. Where services only benefit a few occupiers, these are apportioned to separate schedules to which only the occupiers who benefit contribute towards.

The four service charge schedules adopted are:

Schedule 1 – Phases 1 & 2 Market Hall Street

Schedule 2 – Phase 3 Church Street

Schedule 3 – Phase 4 Church Street Lift (No longer used)

Schedule 4 – All Phases

Having regard to the nature of the property, the most appropriate method for calculating the apportionment percentages is on a fair and reasonable basis having regard to floor area. Certain leases contain fixed percentages for recharge, but the fair and reasonable percentage has been adopted, which in all cases are at a level slightly below the fixed percentage stated in the relevant lease documents.

Schedule 3 is no longer used. The lift and internal stairwell was demised to the occupier of 3 Church Street.

An Apportionment Schedule for the property is attached at Appendix A.



Expenditure Commentary

SCHEDULE 1 - Phases 1 and 2 Market Hall Street

All figures are shown net of VAT

- **Cleaning** **£15,281.88**

The expenditure is for the onsite caretaker who carries out the cleaning of the communal areas. Schedule 2 picks up a 50% share of external costs only. The remaining 50% of the external costs, together with the full cost for the cleaning of the internal corridors is allocated to Schedule 1. The expenditure came in above budget.

- **Refuse** **£28,880.14**

The expenditure relates to the daily collection of the tenant's waste and recycling at site. The costs came in above budget due to an increase in contract rates during the service charge year.

- **Internal Building Repair** **£0.00**

The budget provided a contingency for any unforeseen items of repair and maintenance. No expenditure was incurred.

- **Lift Maintenance** **£480.00**

The heading relates to the annual maintenance contract for the two goods lifts. The total cost came in on budget.

- **Lift Repairs** **£2,944.05**

The expenditure relates to various essential works completed during the service charge year as identified on the insurance survey, together with certain ad hoc repairs. The total costs were below budget.

- **Sprinklers** **£0.00**

The cost heading for sprinkler maintenance was added to this schedule for the service charge year on the assumption that the sprinkler system to Church Street was going to be decommissioned. However, this did not occur and the required remedial works were completed. Sprinkler expenditure therefore remains within Schedule 4 – All Phases.

- **Audit Fees** **£264.00**

The RICS Service Charge Professional Statement recommends that service charges are to be independently certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts. The total fee of £400 has been shared across the three service charge schedules and is in line with budget.



- **Management Fee** **£8,503.44**

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 Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The total Management Fee is £12,884, which is now shared across the three schedules. Expenditure is in line with budget.

- **Facilities Management** **£934.56**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The total Facilities Management charge is £1,416, which is now shared across the three schedules. Expenditure is in line with budget.

Total

Schedule 1 **£57,288.07**



SCHEDULE 2 – Phase 3 Church Street

All figures are shown net of VAT

- **Cleaning** **£5,093.92**

The expenditure is for the onsite caretaker who carries out the cleaning of the communal areas. Schedule 2 picks up a 50% share of external costs only. The remaining 50% of the external costs, together with the full cost for the cleaning of the internal corridors is allocated to Schedule 1. The expenditure came in above budget.

- **Audit Fees** **£24.00**

The RICS Service Charge Professional Statement recommends that service charges are to be independently certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts. The total fee of £400 has been shared across the three service charge schedules and is in line with budget.

- **Management Fee** **£773.04**

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 Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The total Management Fee is £12,884, which is now shared across the three schedules. Expenditure is in line with budget.

- **Facilities Management** **£84.96**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The total Facilities Management charge is £1,416, which is now shared across the three schedules. Expenditure is in line with budget.

Total

Schedule 2 **£5,975.92**



SCHEDULE 4 – All Phases

All figures are shown net of VAT

- **External Building Repair** **-£65.00**

No external repairs were completed to the building fabric and common car park during the service charge year. The credit relates to a cancel invoice from a previous service charge year.

- **Drain Maintenance** **£350.00**

The expenditure relates to the annual flush through of the drains. The total expenditure was under budget.

- **Electrical Repairs** **£0.00**

No electrical repairs were completed during the service charge year.

- **Electricity Supply** **£1,572.84**

The expenditure relates to the cost of the electricity supply to the common areas. Expenditure was under budget.

- **Telephone** **£521.42**

The expenditure is for the phone line at the Centre that is used for alarm monitoring and for the caretaker to liaise with the Managing Agents and contractors. The expenditure came in above budget.

- **Fire Prevention** **£14,673.09**

The expenditure relates to the annual cost for weekly fire alarm testing, emergency light testing, fire alarm drills, testing of the fire extinguishers, dry riser testing and sprinkler maintenance. Overall, the expenditure was above budget, which was largely due to the completion of essential unbudgeted remedial works to the sprinkler system.

- **Health and Safety** **£525.00**

The cost heading was for the completion of the annual health and safety audit. Expenditure was in line with the budget.

- **Audit Fees** **£112.00**

The RICS Service Charge Professional Statement recommends that service charges are to be independently certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts. The total fee of £400 has been shared across the three service charge schedules and is in line with budget.



- **Management Fee** **£3,607.51**

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 Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The total Management Fee is £12,884, which is now shared across the three schedules. Expenditure is in line with budget.

- **Facilities Management** **£396.48**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The total Facilities Management charge is £1,416, which is now shared across the three schedules. Expenditure is in line with budget.

Total

Schedule 4 **£21,693.34**



PRE-PAYMENT SCHEDULE 1 - Phases 1 and 2 Market Hall Street

- **Fire Prevention** **-£288.00**

This schedule entry was identified as an error during the reconciliation of the year ending 31st March 2019. At the time we stated that it would be credited and re-allocated in the following service charge year. This credit has now been applied.

Total

Pre-payment Schedule 1 **-£288.00**

.....
Management Surveyor

Dated
16th December 2020

.....
Facilities Manager

Dated
16th December 2020



Appendix A

Market Hall Street/Church Street, Cannock, Staffordshire WS11 1EB

Service Charge Apportionment Schedule

1st April 2019 to 31st March 2020

Address	Floor Areas			G.I.A. Source	% Adopted				Source of Adoption
	Ground Floor	First Floor	Second Floor		Market Hall Street	Sch 2 - Phase 3 Church Street	Sch 3 - Phase 4 Church St Lift	Sch 4 - All Phases	
PHASE 3									
3. Pt 9 & Flat 23 Church St	0.00	0.00	357.15	357.15 Plans	0.00%	12.32%	67.36%	7.74%	Floor Area
7 Church Street	197.14	88.72	93.06	378.92 Plans	0.00%	13.07%	0.00%	8.21%	Floor Area
9 Church Street	95.39	173.08	0.00	268.47 Plans	0.00%	9.26%	32.64%	5.82%	Floor Area
1 Church Street	894.97	882.36	116.35	1893.68 Plans	0.00%	65.35%	0.00%	41.05%	Lease states 72%
			TOTAL						
						2898.22			
PHASES 1&2									
Unit 1A	0.00	113.26	0.00	113.26 Plans	6.60%	0.00%	0.00%	2.52%	Floor Area
Unit 1B & G/d 1A	176.51	58.34	0.00	234.85 Plans	13.69%	0.00%	0.00%	5.03%	Floor Area
2 Market Hall Street	75.69	102.50	0.00	178.19 Plans	10.39%	0.00%	0.00%	3.86%	Floor Area
4 Market Hall Street	58.56	50.88	0.00	109.44 Plans	6.38%	0.00%	0.00%	2.37%	Floor Area
6 Market Hall Street	74.99	86.20	0.00	161.19 Plans	9.40%	0.00%	0.00%	3.50%	Floor Area
8 Market Hall Street	58.52	56.28	0.00	114.80 Plans	6.69%	0.00%	0.00%	2.49%	Floor Area
10 Market Hall Street	57.41	57.95	0.00	115.36 Plans	6.73%	0.00%	0.00%	2.50%	Floor Area
12 Market Hall Street	62.31	56.36	0.00	118.67 Plans	6.92%	0.00%	0.00%	2.57%	Floor Area
14 Market Hall Street	149.63	128.63	0.00	278.26 Plans	16.22%	0.00%	0.00%	6.03%	Floor Area
16a Market Hall Street	84.45	0.00	0.00	84.45 Plans	4.92%	0.00%	0.00%	1.83%	Floor Area
16b Market Hall Street	58.25	0.00	0.00	58.25 Plans	3.40%	0.00%	0.00%	1.26%	Floor Area
1st Fl 16 Market Hall Street	0.00	148.55	0.00	148.55 Plans	8.66%	0.00%	0.00%	3.22%	Floor Area
			TOTAL		100.00%	100.00%	100.00%	100.00%	
			MASTER TOTAL						
						4613.485			



Appendix B

Market Hall Street/Church Street, Cannock

Service Charge Variance Schedule

1st April 2019 to 31st March 2020

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

	Budget	Expenditure	Variance (£)	Variance (%)
Schedule 1 - Phases 1& 2				
Cleaning	£ 14,625.00	£ 15,281.88	£ 656.88	4.49%
Refuse	£ 25,000.00	£ 28,880.14	£ 3,880.14	15.52%
Internal Building Repair	£ 3,000.00	£ -	-£ 3,000.00	-100.00%
Lift Maintenance	£ 480.00	£ 480.00	£ -	0.00%
Lift Repairs	£ 5,000.00	£ 2,944.05	-£ 2,055.95	-41.12%
Sprinklers	£ 2,600.00	£ -	-£ 2,600.00	-100.00%
Audit Fees	£ 264.00	£ 264.00	£ -	0.00%
Management Fee	£ 8,503.44	£ 8,503.44	£ -	0.00%
Facilities Management	£ 934.56	£ 934.56	£ -	0.00%
Total	£ 60,407.00	£ 57,288.07	-£ 3,118.93	-5.16%
Schedule 2 - Phase 3				
Cleaning	£ 4,875.00	£ 5,093.92	£ 218.92	4.49%
Audit Fees	£ 24.00	£ 24.00	£ -	0.00%
Management Fee	£ 773.04	£ 773.04	£ -	0.00%
Facilities Management	£ 84.96	£ 84.96	£ -	0.00%
Total	£ 5,757.00	£ 5,975.92	£ 218.92	3.80%
Schedule 4 - All Phase				
External Building Repair	£ 6,566.00	-£ 65.00	-£ 6,631.00	-100.99%
Drain Maintenance	£ 500.00	£ 350.00	-£ 150.00	-30.00%
Electrical Repairs	£ 600.00	£ -	-£ 600.00	-100.00%
Electricity Supply	£ 5,200.00	£ 1,572.84	-£ 3,627.16	-69.75%
Telephone	£ 350.00	£ 521.42	£ 171.42	48.98%
Fire Prevention	£ 6,900.00	£ 14,673.09	£ 7,773.09	112.65%
Health & Safety	£ 900.00	£ 525.00	-£ 375.00	-41.67%
Audit Fees	£ 112.00	£ 112.00	£ -	0.00%
Management Fees	£ 3,607.52	£ 3,607.51	-£ 0.01	0.00%
Facilities Management	£ 396.48	£ 396.48	£ -	0.00%
Total	£ 25,132.00	£ 21,693.34	-£ 3,438.66	-13.68%
Pre-payment Schedule 1				
Fire Prevention	-	-£ 288.00	-£ 288.00	N/A
Total	£ -	-£ 288.00	-£ 288.00	N/A
Grand Total	£ 91,296.00	£ 84,669.33	-£ 6,626.67	-7.26%