



JOHNSON FELLOWS  
CHARTERED SURVEYORS

Farrell Close

Castle Street

Cirencester

GL7 1HW

Service Charge Budget Report

29<sup>th</sup> September 2015 to 28<sup>th</sup>  
September 2016



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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 the Landlord, Tesco Stores Limited. It is intended to provide details of the planned expenditure for the forthcoming service charge year.

The budget for the forthcoming year has been set at £25,744 which is a 3.19% increase from last year.

A Budget Variation Report can be seen in Appendix B.

## **The Property**

The property is within Cirencester town centre adjacent to Brewery Court Public Car Park and comprises of three retail units and first floor offices fronting Castle Street, two retail units fronting Farrell Close together with a large supermarket. It includes the pedestrian area of Farrell Close together with external service areas. The property does not include Brewery Court Car Park which is maintained by the local Council.

The external communal areas which are maintained through the service charge are the pedestrian areas of Farrell Close, loading bays to the rear of Store Twenty One and Tesco Metro units, external passageway leading to the rear of 43/49 Castle Street together with external and structural parts of the buildings. There are no internal common areas. All tenants have access to the external common areas.

## **Voids and Concessions**

The service charge for any void lettable units or attributable to any service charge concessions is the responsibility of the Landlord.

## **VAT**

The Landlord has elected the property for VAT.

The service charge payable by the commercial lessees will have VAT charged at the standard rate.



## **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 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 object of this budget report is to provide clear explanation of the planned service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency and to allow the leaseholders to budget accurately for the forthcoming year.

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 aim to provide a high quality management service in order to provide a well maintained environment, and delivering value for money for the service charge expenditure.

The service charge is administered having regard to Service Charges in Commercial Property; RICS Code of Practice.



## **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](mailto:chris.monteith@johnsonfellows.co.uk)

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

### Management Surveyor:

Jeremy Williams  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Direct Dial: 0121 234 0454  
Mobile: 07884 352 576  
Email: [jeremy.williams@johnsonfellows.co.uk](mailto:jeremy.williams@johnsonfellows.co.uk)

Jeremy Williams 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](mailto:rebecca.glover@johnsonfellows.co.uk)

Rebecca Glover is the client accountant responsible for this property.



### **Service Charge Apportionment**

The service charge provisions are set out in each tenants lease. These consistently provide for each tenant to pay a due proportion of the service charge which is attributable to each tenant's premises. The due proportion is based on the weighted net internal area of each property relative to the total net internal area of all units. If such apportionment is inappropriate, the Landlord has reasonable discretion to adopt such other due proportion as is fair and reasonable. This may include attributing the whole expenditure to a particular unit.

The weighting which has been applied is as follows:-

The first 500 sq metres	@	100%
The next 500 sq metres	@	80%
The next 1,000 sq metres	@	60%
The next 1,000 sq metres	@	50%
The next 1,000 sq metres	@	40%
Excess over 4,000 sq metres	@	30%

No weighting has been applied to basement and upper floors.

The apportionment percentages will be reviewed periodically should circumstances change.

The service charge percentage apportionments are detailed in Appendix A.



## **Budget Commentary**

***All figures are shown net of VAT***

- **Cleaning** **£15,500**

Daily cleaning of the external common areas to ensure that the site is presented in a clean and risk free fashion. We have tendered out the contract to **TSS** at an annual cost of £14,652.19. An adhoc amount has been included for any fly tipping or graffiti removal. The cost also includes the landscaping on site i.e. high level pruning and weeding of common areas.

<b>Duty</b>	<b>Frequency</b>
Sweeping of the common area walkway removing all litter and gum. All issues relating to fly tipping or graffiti to be reported to Johnson Fellows and quoted accordingly.	Daily
High Level Clean of the canopy area, removing all cobwebs etc	Weekly
Sweeping of the Trolley bays around the common area	Daily
Emptying all litter bins and replace bags	Twice Daily
Gritting of all common area when temperate drops to 1 Degree	Adhoc

- **Building Repairs** **£3,500**

Contingency costs for any unforeseen repairs or graffiti removal as may be required.

- **Facilities Management Fee** **£748**

To be calculated at 3% of the SC budget, acts a point of contact for procurement and contract management, risk management, health and safety and meeting statutory legislations as well as service charge management.

- **Drain Maintenance** **£650**

Annual cost for the flush out of the communal drainage system.

- **Electrical Repairs** **£350**

The cost of the annual relamping of the external communal lighting.

- **Footpath Maintenance** **£150**

The cost of restocking the grit bin for use on the communal walkways should it be required.

- **Audit Fee** **£250**

The cost for the service charge accounts to be independently certified on an annual basis as required by The RICS Service Charge Code of Practice.



- **Management Fee** **£4,596**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation, which has been calculated from June 2015.

**Total**

**Schedule 1** **£25,744**

Please note this budget is net of VAT at 20%.

.....  
Management Surveyor

Dated  
21<sup>st</sup> August 2015

.....  
Partner

Dated  
21<sup>st</sup> August 2015



**Appendix A**

**Farrell Close, Cirencester GL7 1HW**

**Service Charge Apportionment Schedule**

**29th September 2015 to 28th September 2016**

<b>Unit</b>	<b>Weighted Floor Area (m<sup>2</sup>)</b>	<b>Percentage</b>
1 Farrell Close	164.81	4.59%
3 Farrell Close	119.23	3.32%
4-5 Farrell Close	995.24	27.72%
Supermarket Farrell Close	2,027.20	56.46%
43-45 Castle Street	143.47	4.00%
1st Floor, 45 Castle Street	91.60	2.55%
49 Castle Street	48.70	1.36%
<b>Total</b>	<b>3,590.25</b>	<b>100.00%</b>



## Appendix B

**Farrell Close, Cirencester GL7 1HW**

**Service Charge Variance Schedule**

**29th September 2015 to 28th September 2016**

The property is VAT registered.

Service Charge Item	Schedule	Actual 2013/2014	Budget 2014/2015	Budget 2015/2016	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£ 15,101	£ 15,500	£ 15,500	0.00%	£ -
Building Repair	1	£ 2,533	£ 2,500	£ 3,500	40.00%	£ 1,000
Facilities Management	1	£ -	£ 748	£ 748	0.00%	£ -
Drain Maintenance	1	£ 945	£ 650	£ 650	0.00%	£ -
Electrical Repairs	1	£ -	£ 300	£ 350	16.67%	£ 50
Footpath Maintenance	1	£ 160	£ 150	£ 150	0.00%	£ -
Landscaping	1	£ 160	£ -	£ -	0.00%	£ -
Electrical Supply	1	£ 15	£ -	£ -	0.00%	£ -
Signage	1	£ -	£ 300	£ -	-100.00%	-£ 300
Audit Fees	1	£ 275	£ 250	£ 250	0.00%	£ -
Management Fees	1	£ 4,435	£ 4,550	£ 4,596	1.01%	£ 46
<b>Total</b>		<b>£ 23,624</b>	<b>£ 24,948</b>	<b>£ 25,744</b>	<b>3.19%</b>	<b>£ 796</b>