



JOHNSON FELLOWS
CHARTERED SURVEYORS

Farrell Close

Castle Street

Cirencester

GL7 1HW

Service Charge Budget Report

29th September 2016 to

28th September 2017



Contents

Introduction

The Property

Voids and Concessions

VAT

Banking

Service Charge Objectives

Management Team

Service Charge Apportionment

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

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

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

Management Surveyor:

George Brittain
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0454
Mobile: 07884 352 576
Email: george.brittain@johnsonfellows.co.uk

George Brittain 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 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** **£15,000**

Daily cleaning of the external common areas. The budget also includes a one off clean of the canopy and covered entrance from Castle Street.

- **Building Repairs** **£8,500**

Repairs are necessary to the block paving due to the tree roots in Farrell Close. As a consequence one tree will be felled and replaced to prevent ongoing damage to the block paving.

We have also included a budget for the decoration of the fascia boards.

We have identified that there are problems with the roof tiles. To investigate this problem and identify solutions with budget costs the budget includes the fees of a building surveyor to inspect and report on this problem.

- **Drain Maintenance** **£650**

Annual cost for the flush out of the communal drainage system, including the surface drainage channel in Farrell Close.

- **Electrical Repairs** **£350**

The cost of the annual re-lamping of the external communal lighting.

- **Footpath Maintenance** **£1,500**

The cost of restocking the grit bin for use on the communal walkways.

- **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** **£4,671**

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 indexation, which has been calculated from June 2016.



- **Facilities Management Fee** **£768**

The cost of the Facilities Manager, for procurement and contract management, risk management, health and safety and meeting statutory legislations. The fee has been adjusted by RPI.

Total

Schedule 1 **£31,689**

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Management Surveyor

.....
Facilities Manager

Dated
29th November 2016

Dated
29th November 2016



Appendix A

Farrell Close, Cirencester GL7 1HW

Service Charge Apportionment Schedule

29th September 2016 to 28th September 2017

Unit	Weighted Floor Area (m²)	Percentage
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%
Total	3,590.25	100.00%



Appendix B

Farrell Close, Cirencester GL7 1HW

Service Charge Variance Schedule

29th September 2016 to 28th September 2017

The property is VAT registered.

Service Charge Item	Schedule	Actual 2014/2015	Budget 2015/2016	Budget 2016/2017	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£ 15,830	£ 15,500	£ 15,000	-3.23%	£ 500
Building Repair	1	£ 345	£ 3,500	£ 8,500	142.86%	£ 5,000
Drain Maintenance	1	£ -	£ 650	£ 650	0.00%	£ -
Electrical Repairs	1	£ -	£ 350	£ 350	0.00%	£ -
Footpath Maintenance	1	£ 13	£ 150	£ 1,500	900.00%	£ 1,350
Electrical Supply	1	£ 300	£ -	£ -	0.00%	£ -
Signage	1	£ 440	£ -	£ -	N/A	£ -
Audit Fees	1	£ 275	£ 250	£ 250	0.00%	£ -
Management Fees	1	£ 4,550	£ 4,596	£ 4,671	1.63%	£ 75
Facilities Management	1	£ 748	£ 748	£ 768	2.67%	£ 20
Total		£ 22,501	£ 25,744	£ 31,689	23.09%	£ 5,945