



JOHNSON FELLOWS
CHARTERED SURVEYORS

Market Hall Street/Church Street

Cannock

Staffordshire

WS11 1EB

Service Charge Budget Report

1st April 2015 to 31st March 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, Cabot Investments Limited. It is intended to provide details of the planned expenditure for the service charge year commencing 25th March 2015. The total budget for the year is £89,947.00 which represents a 0.69% increase from the previous year. A Service Charge Variance Schedule can be seen in Appendix B.

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, the goods lifts within Phases 1&2 (Market Hall Street) and the stairs and lift within Phase 3 (Church Street).

Voids and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord. 1st Floor 16 Market Hall Street and 7 Church Street are currently vacant.

VAT

The Landlord has elected the property for VAT, consequently the budget figures stated within this report is 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 the budget report is to provide a clear explanation for 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 year.

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 Code of Practice 3rd 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

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.

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



Budget Commentary

SCHEDULE 1 - Phases 1 and 2 Market Hall Street

All figures are shown net of VAT

- **Cleaning** **£8,900**

Cost for the onsite caretaker who carries out the cleaning of the communal areas. The cleaning budget has been increased marginally in order to reflect last year's expenditure and to take account of increased rates. The costs have been split equally between Schedule 1 and Schedule 2

- **Refuse** **£16,500**

Daily collection of all tenant's waste at site. The budget has been increased in order to reflect the rise in the contract rate for the refuse collection and recycling.

- **Internal Building Repair** **£2,000**

Budgeted cost for deep clean of the internal corridor. The budget also provides for any unforeseen works such as repairs to first doors and guardrails and the repainting of staircase nosing's and raised levels.

- **Lift Maintenance** **£940**

Annual maintenance contract for the two lifts, consisting of three services by ThyssenKrupp lifts and an insurance inspection.

- **Lift Repairs** **£14,000**

The anticipated cost of repairs required to the lifts following the insurance survey to ensure that the equipment is compliant and safe.

Total

Schedule 1 **£42,340**



SCHEDULE 2 – Phase 3 Church Street

All figures are shown net of VAT

- **Cleaning** **£8,900**

Cost for the onsite caretaker who carries out the cleaning of the communal areas. The cleaning budget has been increased marginally in order to reflect last year's expenditure and to take account of increased rates. The costs are split equally between Schedule 1 and Schedule 2

- **Internal Building Repair** **£500**

A contingency fund for any adhoc unforeseen works.

Total

Schedule 2 **£9,400**

SCHEDULE 3 – Phase 4 Church Street Lift

All figures are shown net of VAT

- **Lift Maintenance** **£500**

Annual maintenance contract for the passenger lift, consisting of three services by ThyssenKrupp lifts and an insurance inspection.

- **Lift Repairs** **£2,000**

The anticipated cost of repairs required to the lifts following the insurance survey to ensure that the equipment is compliant and safe.

Total

Schedule 3 **£2,500**



SCHEDULE 4 – All Phases

All figures are shown net of VAT

- **Fire Prevention** **£8,500**

Annual cost for weekly fire alarm testing, emergency light testing, fire alarm drills, testing of the fire extinguishers, dry riser testing and monitoring. Included in the cost is a budgeted figure for any adhoc unforeseen repairs that may be required.

- **External Building Repairs** **£6,500**

Required works to expansion joint to top level car park, repairs to Armco barrier, perimeter flashing and the repainting of yellow lines and car parking spaces to the service yard. The budget also includes an adhoc sum for any unforeseen items of repair.

- **Drainage** **£500**

Annual flush out of the drainage system at site.

- **Electrical Repairs** **£500**

Contingency sum for any unforeseen repairs.

- **Electricity Supply** **£5,000**

The cost of the electricity supply to the common areas. The budget is based on the consumption over the previous 12 months.

- **Sprinklers** **£1,250**

Annual maintenance contract for the sprinkler system.

- **Telephone** **£350**

The cost heading 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.

- **Audit Fees** **£400**

The cost for an independent accountant to certify the service charge expenditure for the year.

- **Management Fee** **£11,807**

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 Code of Practice 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, which has shown a 1.1% increase over the 12 month period to January 2015.



- **Facilities Management** **£900**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works.

Total

Schedule 4 **£35,707**

.....
Management Surveyor

.....
Dated
26th May 2015

.....
Partner

.....
Dated
26th May 2015



Appendix A

Market Hall Street/Church Street, Cannock, Staffordshire WS11 1EB									
Service Charge Apportionment Schedule									
1st April 2015 to 31st March 2016									
Address	Occupier	Floor Areas			G.I.A. Source	% Adopted			
		Ground Floor	First Floor	Second Floor		Sch 1 - Phases 1&2 Market Hall Street	Sch 2 - Phase 3 Church Street	Sch 3 - Phase 4 Church St Lift	Sch 4 - All Phases Source of Adoption
PHASE 3									
3, Pt 9 & Flat 23 Church St	U Bar	0.00	0.00	357.15	357.15 Plans	0.00%	12.32%	67.36%	7.74% Floor Area
7 Church Street	Void	197.14	88.72	93.06	378.92 Plans	0.00%	13.07%	0.00%	8.21% Floor Area
9 Church Street	Halfpax	95.39	173.08	0.00	288.47 Plans	0.00%	9.26%	32.64%	5.82% Floor Area
1 Church Street	Boots	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	H Samuel	0.00	113.26	0.00	113.26 Plans	6.60%	0.00%	0.00%	2.52% Floor Area
Unit 1B & Grd 1A	C Moule	176.51	58.34	0.00	234.85 Plans	13.69%	0.00%	0.00%	5.03% Floor Area
2 Market Hall Street	Void	75.69	102.50	0.00	178.19 Plans	10.39%	0.00%	0.00%	3.86% Floor Area
4 Market Hall Street	Vodafone	58.56	50.88	0.00	109.44 Plans	6.38%	0.00%	0.00%	2.37% Floor Area
6 Market Hall Street	William Hill	74.99	86.20	0.00	161.19 Plans	9.40%	0.00%	0.00%	3.50% Floor Area
8 Market Hall Street	3G UK	58.52	56.28	0.00	114.80 Plans	6.69%	0.00%	0.00%	2.49% Floor Area
10 Market Hall Street	Blue Cross	57.41	57.95	0.00	115.36 Plans	6.73%	0.00%	0.00%	2.50% Floor Area
12 Market Hall Street	Sportswift	62.31	56.36	0.00	118.67 Plans	6.92%	0.00%	0.00%	2.57% Floor Area
14 Market Hall Street	Mackay	149.63	128.63	0.00	278.26 Plans	16.22%	0.00%	0.00%	6.03% Lease states 16.25%
16a Market Hall Street	H Samuel	84.45	0.00	0.00	84.45 Plans	4.92%	0.00%	0.00%	1.83% Floor Area
16b Market Hall Street	Orange/EE	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	Void	0.00	148.55	0.00	148.55 Plans	8.66%	0.00%	0.00%	3.22% Floor Area
				TOTAL	1715.27	100.00%	100.00%	100.00%	100.00%
MASTER TOTAL									4613.485



Appendix B

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

Service Charge Variance Schedule

1st April 2015 to 31st March 2016

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

Service Charge Item	Schedule	Budget 2014/2015	Budget 2015/2016	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£ 8,850	£ 8,900	0.56%	£ 50
Refuse	1	£ 15,300	£ 16,500	7.84%	£ 1,200
Internal Building Repair	1	£ 2,000	£ 2,000	0.00%	£ -
Plumbing Repair	1	£ 500	£ -	-100.00%	-£ 500
Lift Maintenance	1	£ 1,400	£ 940	-32.86%	-£ 460
Lift Repairs	1	£ 8,000	£ 14,000	75.00%	£ 6,000
1 Total		£ 36,050	£ 42,340	17.45%	£ 6,290
Cleaning	2	£ 8,850	£ 8,900	0.56%	£ 50
Internal Building Repair	2	£ 500	£ 500	0.00%	£ -
2 Total		£ 9,350	£ 9,400	0.53%	£ 50
Lift Maintenance	3	£ 750	£ 500	-33.33%	-£ 250
Lift Repairs	3	£ 2,000	£ 2,000	0.00%	£ -
3 Total		£ 2,750	£ 2,500	-9.09%	-£ 250
Fire Prevention	4	£ 10,000	£ 8,500	-15.00%	-£ 1,500
External Building Repair	4	£ 12,000	£ 6,500	-45.83%	-£ 5,500
Drain Maintenance	4	£ 500	£ 500	0.00%	£ -
Electrical Repairs	4	£ 500	£ 500	0.00%	£ -
Electricity Supply	4	£ 4,500	£ 5,000	11.11%	£ 500
Sprinklers	4	£ 1,250	£ 1,250	0.00%	£ -
Telephone	4	£ 350	£ 350	0.00%	£ -
Audit Fees	4	£ 400	£ 400	0.00%	£ -
Management Fees	4	£ 11,678	£ 11,807	1.10%	£ 129
Facilities Management Fee	4	£ -	£ 900	100.00%	£ 900
4 Total		£ 41,178	£ 35,707	-13.29%	-£ 5,471
Grand Total		£ 89,328	£ 89,947	0.69%	£ 619