



JOHNSON FELLOWS
CHARTERED SURVEYORS

Market Hall Street/Church Street

Cannock

Staffordshire

WS11 1EB

Service Charge Budget Report

1st April 2016 to 31st March 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, Cabot Investments Limited. It is intended to provide details of the planned expenditure for the service charge year commencing 1st April 2016.

Enclosed within this report is a copy of the Service Charge Variance Schedule and Service Charge Apportionment Schedule.

The service charge is administered having regard to Service Charges in Commercial Property, 3rd Edition; RICS Code of Practice.

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. At the commencement of the service charge year the void units included 2 Market Hall Street, 14 Market Hall Street, 1st Floor 16 Market Hall Street, 3 Church Street and 7 Church Street.

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.



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** **£9,000**

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.

- **Refuse** **£17,000**

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

- **Internal Building Repair** **£3,000**

Budgeted cost for ad hoc internal repairs of the common areas, including the required works to the fire door and any issues identified within the health and safety report. The budget has been increased to reflect the required works.

- **Lift Maintenance** **£960**

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

- **Lift Repairs** **£10,000**

The anticipated cost of repairs required to the lifts following the insurance survey to ensure that the equipment is compliant and safe. The budget has been reduced for the current year following the completion of various works last year.

Total

Schedule 1 **£39,960**



SCHEDULE 2 – Phase 3 Church Street

All figures are shown net of VAT

- **Cleaning** **£9,000**

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 **£9,500**

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** **£1,500**

The anticipated cost of repairs required to the lifts following the insurance survey to ensure that the equipment is compliant and safe. The budget has been reduced for the current year following the completion of various works last year.

Total

Schedule 3 **£2,000**



SCHEDULE 4 – All Phases

All figures are shown net of VAT

- **Fire Prevention** **£9,000**

Annual cost for weekly fire alarm testing, emergency light testing, fire alarm drills, testing of the fire extinguishers, dry riser testing, sprinkler maintenance and monitoring. Included in the cost is a budgeted figure for any ad hoc unforeseen repairs that may be required. The budget has been increased marginally for the current year.

- **External Building Repairs** **£5,000**

The budget provides for any external repairs that are required to the car park deck, or building fabric. The budget has been reduced for the current year following the completion of certain essential works last year.

- **Drainage** **£500**

Annual flush out of the drainage system at site. The budget has been maintained at the same level.

- **Electrical Repairs** **£600**

Contingency sum for any unforeseen repairs. The budget has been increased marginally based on last years expenditure.

- **Electricity Supply** **£5,200**

The cost of the electricity supply to the common areas. The budget is based on the consumption over the previous 12 months. It has been increased marginally.

- **Sprinklers** **£0**

The annual maintenance contract for the sprinkler system is now incorporated within the Fire Prevention cost heading after being placed under a single contract.

- **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.

- **Health and Safety** **£900**

The budget is for the preparation of a comprehensive health and safety audit for the site and the inclusion of an asbestos management plan.

- **Audit Fees** **£400**

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



- **Management Fee** **£11,821**

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 1.2% increase over the 12 month period.

- **Facilities Management** **£1,300**

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

Total

Schedule 4 **£35,071**

.....
Management Surveyor

.....
Facilities Manager

.....
Dated
25th February 2016

.....
Dated
25th February 2016



Appendix A

Market Hall Street/Church Street, Cannock, Staffordshire WS11 1EB										
Service Charge Apportionment Schedule										
1st April 2016 to 31st March 2017										
Address	Occupier	Floor Areas			G.I.A. Source	% Adopted			Sch 4 - All Phases Source of Adoption	
		Ground Floor	First Floor	Second Floor		Market Hall Street	Church Street	Church St Lift	Market Hall Street	Church Street
PHASE 3										
3, Pt 9 & Flat 23 Church St	Void	0.00	0.00	357.15	Plans	0.00%	12.32%	67.36%	7.74%	Floor Area
7 Church Street	Void	197.14	88.72	93.06	Plans	0.00%	13.07%	0.00%	8.21%	Floor Area
9 Church Street	Halifax	95.39	173.08	0.00	Plans	0.00%	9.26%	32.64%	5.82%	Floor Area
1 Church Street	Boots	894.97	882.36	116.35	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	Plans	6.60%	0.00%	0.00%	2.52%	Floor Area
Unit 1B & Gnd 1A	C Moule	176.51	58.34	0.00	Plans	13.69%	0.00%	0.00%	5.03%	Floor Area
2 Market Hall Street	Void	75.69	102.50	0.00	Plans	10.39%	0.00%	0.00%	3.86%	Floor Area
4 Market Hall Street	Vodafone	58.56	50.88	0.00	Plans	6.38%	0.00%	0.00%	2.37%	Floor Area
6 Market Hall Street	William Hill	74.99	86.20	0.00	Plans	9.40%	0.00%	0.00%	3.50%	Floor Area
8 Market Hall Street	3G UK	58.52	56.28	0.00	Plans	6.69%	0.00%	0.00%	2.49%	Floor Area
10 Market Hall Street	Blue Cross	57.41	57.95	0.00	Plans	6.73%	0.00%	0.00%	2.50%	Floor Area
12 Market Hall Street	Sportswift	62.31	56.36	0.00	Plans	6.92%	0.00%	0.00%	2.57%	Floor Area
14 Market Hall Street	Void	149.63	128.63	0.00	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	Plans	4.92%	0.00%	0.00%	1.83%	Floor Area
16b Market Hall Street	Orange/EE	58.25	0.00	0.00	Plans	3.40%	0.00%	0.00%	1.26%	Floor Area
1st Fl 16 Market Hall Street	Void	0.00	148.55	0.00	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 2016 to 31st March 2017

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

Service Charge Item	Schedule	Budget 2015/2016	Budget 2016/2017	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£ 8,900	£ 9,000	1.12%	£ 100
Refuse	1	£ 16,500	£ 17,000	3.03%	£ 500
Internal Building Repair	1	£ 2,000	£ 3,000	50.00%	£ 1,000
Lift Maintenance	1	£ 940	£ 960	2.13%	£ 20
Lift Repairs	1	£ 14,000	£ 10,000	-28.57%	-£ 4,000
1 Total		£ 42,340	£ 39,960	-5.62%	-£ 2,380
Cleaning	2	£ 8,900	£ 9,000	1.12%	£ 100
Internal Building Repair	2	£ 500	£ 500	0.00%	£ -
2 Total		£ 9,400	£ 9,500	1.06%	£ 100
Lift Maintenance	3	£ 500	£ 500	0.00%	£ -
Lift Repairs	3	£ 2,000	£ 1,500	-25.00%	-£ 500
3 Total		£ 2,500	£ 2,000	-20.00%	-£ 500
Fire Prevention	4	£ 8,500	£ 9,000	5.88%	£ 500
External Building Repair	4	£ 6,500	£ 5,000	-23.08%	-£ 1,500
Drain Maintenance	4	£ 500	£ 500	0.00%	£ -
Electrical Repairs	4	£ 500	£ 600	20.00%	£ 100
Electricity Supply	4	£ 5,000	£ 5,200	4.00%	£ 200
Sprinklers	4	£ 1,250	£ -	-100.00%	-£ 1,250
Telephone	4	£ 350	£ 350	0.00%	£ -
Health & Safety	4	£ -	£ 900	N/A	£ 900
Audit Fees	4	£ 400	£ 400	0.00%	£ -
Management Fees	4	£ 11,807	£ 11,821	0.12%	£ 14
Facilities Management Fee	4	£ 900	£ 1,300	44.44%	£ 400
4 Total		£ 35,707	£ 35,071	-1.78%	-£ 636
Grand Total		£ 89,947	£ 86,531	-3.80%	-£ 3,416