



JOHNSON FELLOWS
CHARTERED SURVEYORS

Market Hall Street/Church Street

Cannock

Staffordshire

WS11 1EB

Service Charge Budget 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

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 2019.

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; RICS Professional Statement, 1st Edition.

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). The internal communal stairs and lift at Church Street no longer form part of the communal areas having been demised under the lease.

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 include 10 Market Hall Street, 14 Market Hall Street, 1st Floor 16 Market Hall Street, 16b Market Hall 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 (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.

In a change for the current year, the fees are shared across all three active schedules based on the remaining costs within each schedule. This is to reflect the level of services for each schedule. The split for the current year is 66% Schedule 1, 6% Schedule 2 and 28% Schedule 4.

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** **£14,625.00**

Cost for the onsite caretaker who carries out the cleaning of the communal areas. The costs within Schedule 1 relate to the cleaning of the internal corridors and a 50% share of the external costs within Schedule 2. The budget has been increased marginally in line with the expenditure last year.

- **Refuse** **£25,000.00**

Daily collection of all tenant's waste at site. The budget has been increased in line with the expenditure last year.

- **Internal Building Repair** **£3,000.00**

Budgeted cost for ad hoc internal repairs to the common areas. The budget has been maintained at the same level.

- **Lift Maintenance** **£480.00**

The cost heading is for the annual maintenance contract for the two goods lifts held by Morris Vermaport and an insurance inspection. It has been maintained at the same level.

- **Lift Repairs** **£5,000.00**

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 increased for the current year based on the expenditure last year.

- **Sprinklers** **£2,600.00**

The sprinkler system to Church Street has been decommissioned. The decision was taken on discovering that extensive and uneconomical works to the system were required. Following the completion of a Fire Risk Assessment, it was determined that the system was no longer a mandatory requirement. The cost heading now relates purely to the maintenance contract for the sprinkler system to the Market Hall Street units. It has therefore been separated from Fire Prevention and moved to Schedule 1.

- **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.



- **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 budget has been increased in line with the Retail Price Index, which has shown a 2.54% increase over the 12 month period. The total Management Fee is £12,884, which is now shared across the three schedules.

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

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The fee has been increased in line with the Retail Price Index, which has shown a 2.54% increase over the 12 month period. The total Facilities Management charge is £1,416, which is now shared across the three schedules.

Total

Schedule 1 **£60,407.00**



SCHEDULE 2 – Phase 3 Church Street

All figures are shown net of VAT

- **Cleaning** **£4,875.00**

Cost for the onsite caretaker who carries out the cleaning of the communal areas. The costs within Schedule 2 relate to a 50% of the external cleaning costs only. The budget has been increased marginally in line with the expenditure last year.

- **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.

- **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 budget has been increased in line with the Retail Price Index, which has shown a 2.54% increase over the 12 month period. The total Management Fee is £12,884, which is now shared across the three schedules.

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

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The fee has been increased in line with the Retail Price Index, which has shown a 2.54% increase over the 12 month period. The total Facilities Management charge is £1,416, which is now shared across the three schedules.

Total

Schedule 2 **£5,757.00**



SCHEDULE 4 – All Phases

All figures are shown net of VAT

- **External Building Repairs** **£6,566.00**

The budget provides for external repairs that are required to the car park deck and building fabric. The budget has been increased for the new year following the completion of essential barrier works to the car park perimeter. The landlord forward funded the works totalling £13,700. They will be reimbursed over a 3 year period at £4,566 per annum. The remainder of the budget is a contingency sum for any unforeseen items.

- **Drainage** **£500.00**

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

- **Electrical Repairs** **£600.00**

Contingency sum for any unforeseen repairs. The budget has been maintained at the same level.

- **Electricity Supply** **£5,200.00**

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 maintained at the same level.

- **Telephone** **£350.00**

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.

- **Fire Prevention** **£6,900.00**

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.

- **Health and Safety** **£900.00**

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

- **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.



• **Management Fee** **£3,607.52**

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 budget has been increased in line with the Retail Price Index, which has shown a 2.54% increase over the 12 month period. The total Management Fee is £12,884, which is now shared across the three schedules.

• **Facilities Management** **£396.48**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The fee has been increased in line with the Retail Price Index, which has shown a 2.54% increase over the 12 month period. The total Facilities Management charge is £1,416, which is now shared across the three schedules.

Total

Schedule 4 **£25,132.00**

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Management Surveyor

Dated:

11th March 2019

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Facilities Manager

Dated:

11th March 2019



Appendix A

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

Service Charge Apportionment Schedule

1st April 2019 to 31st March 2020

Address	Occupier	Floor Areas			G.I.A. Source	% Adopted				Source of Adoption
		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	
PHASE 3										
3, Pt 9 & Flat 23 Church St	Jamco Ent	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	Halfrax	95.39	173.08	0.00	268.47 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	Crawshaw	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	Void	57.41	57.95	0.00	115.36 Plans	6.73%	0.00%	0.00%	2.50%	Floor Area
12 Market Hall Street	Sportswit	62.31	56.36	0.00	118.67 Plans	6.92%	0.00%	0.00%	2.57%	Floor Area
14 Market Hall Street	Void	149.63	128.63	0.00	278.26 Plans	16.22%	0.00%	0.00%	6.03%	Floor Area
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	Void	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 2019 to 31st March 2020

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

Service Charge Item	Schedule	Budget 2018/2019	Budget 2019/2020	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£ 14,100.00	£ 14,625.00	3.72%	£ 525
Refuse	1	£ 22,200.00	£ 25,000.00	12.61%	£ 2,800
Internal Building Repair	1	£ 3,000.00	£ 3,000.00	0.00%	£ -
Lift Maintenance	1	£ 480.00	£ 480.00	0.00%	£ -
Lift Repairs	1	£ 6,000.00	£ 5,000.00	-16.67%	-£ 1,000
Sprinklers	1	£ -	£ 2,600.00	N/A	
Audit Fees	1	£ -	£ 264.00	N/A	£ 264
Management Fees	1	£ -	£ 8,503.44	N/A	£ 8,503
Facilities Management Fee	1	£ -	£ 934.56	N/A	£ 935
1 Total		£ 45,780.00	£ 60,407.00	31.95%	£ 14,627
Cleaning	2	£ 4,700.00	£ 4,875.00	3.72%	£ 175
Audit Fees	2	£ -	£ 24.00	N/A	£ 24
Management Fees	2	£ -	£ 773.04	N/A	£ 773
Facilities Management Fee	2	£ -	£ 84.96	N/A	£ 85
2 Total		£ 4,700.00	£ 5,757.00	22.49%	£ 1,057
External Building Repair	4	£ 5,000.00	£ 6,566.00	31.32%	£ 1,566
Drain Maintenance	4	£ 500.00	£ 500.00	0.00%	£ -
Electrical Repairs	4	£ 600.00	£ 600.00	0.00%	£ -
Electricity Supply	4	£ 5,200.00	£ 5,200.00	0.00%	£ -
Telephone	4	£ 350.00	£ 350.00	0.00%	£ -
Fire Prevention	4	£ 9,500.00	£ 6,900.00	-27.37%	-£ 2,600
Health & Safety	4	£ 900.00	£ 900.00	0.00%	£ -
Audit Fees	4	£ 400.00	£ 112.00	-72.00%	-£ 288
Management Fees	4	£ 12,565.00	£ 3,607.52	-71.29%	-£ 8,957
Facilities Management Fee	4	£ 1,381.00	£ 396.48	-71.29%	-£ 985
4 Total		£ 36,396.00	£ 25,132.00	-30.95%	-£ 11,264
Grand Total		£ 132,656.00	£ 91,296.00	-31.18%	-£ 41,360