



**Market Hall Street/Church Street**

**Cannock**

**Staffordshire**

**WS11 1EB**

**Service Charge Budget Report**

**1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021**



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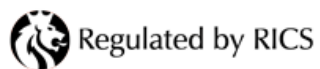
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Johnson Fellows. Charter House, Newhall Street, Birmingham, B3 1SW





## **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 1<sup>st</sup> April 2020.

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, 1<sup>st</sup> 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 all service corridors and stairs and the goods lifts within Phases 1&2 (Market Hall Street).

## **Voids and Concessions**

Where any void units exist, the responsibility for the service charge rests with the Landlord.

## **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](mailto: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](mailto: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](mailto: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.

The fees that are shared across all three active schedules are 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 67% Schedule 1, 6% Schedule 2 and 27% 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** **£15,064.00**

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 to account for the increase in minimum wage.

- **Refuse** **£25,000.00**

Daily collection of all tenant's waste at site. The budget has been maintained at the same level as 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 maintained at the same level.

- **Sprinklers** **£2,600.00**

The cost heading relates to the maintenance contract for the sprinkler system that purely serves the Market Hall Street units. It has therefore been separated from Fire Prevention costs within Schedule 4.

- **Audit Fees** **£268.00**

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** **£8,859.31**

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 2.63% increase over the 12 month period. The total Management Fee is £13,222.85, which is now shared across the three schedules.

- **Facilities Management** **£973.67**

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 2.63% increase over the 12 month period. The total Facilities Management charge is £1,453.24, which is now shared across the three schedules.

**Total**

**Schedule 1** **£61,244.98**



## **SCHEDULE 2 – Phase 3 Church Street**

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

- **Cleaning** **£5,021.00**

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** **£793.37**

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 2.63% increase over the 12 month period. The total Management Fee is £13,222.85, which is now shared across the three schedules.

- **Facilities Management** **£87.19**

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 2.63% increase over the 12 month period. The total Facilities Management charge is £1,453.24, which is now shared across the three schedules.

### **Total**

**Schedule 2** **£5,925.56**



#### **SCHEDULE 4 – All Phases**

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

- **External Building Repairs** **£7,000.00**

The budget provides for external repairs that are required to the car park deck and building fabric. The budget has been marginally increased for the new year. The landlord forward funded essential barrier works totalling £13,700. They will be reimbursed over a 3 year period at £4,566 per annum. This is the second year of reimbursement. 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** **£200.00**

Contingency sum for any unforeseen repairs. The budget has been reduced for the new year.

- **Electricity Supply** **£5,000.00**

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 marginally reduced for the new year.

- **Telephone** **£600.00**

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. The budget has been increased based on last years expenditure.

- **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 maintained at the same level for the new year.

- **Health and Safety** **£500.00**

The budget is for the preparation of the annual health and safety audit for the site and the inclusion of an asbestos management plan. It has been reduced for the new year.

- **Audit Fees** **£108.00**

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** **£3,570.17**

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 2.63% increase over the 12 month period. The total Management Fee is £13,222.85, which is now shared across the three schedules.

- **Facilities Management** **£392.38**

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 2.63% increase over the 12 month period. The total Facilities Management charge is £1,453.24, which is now shared across the three schedules.

**Total**

**Schedule 4** **£24,770.55**

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Management Surveyor

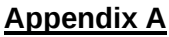
Dated:

15<sup>th</sup> May 2020

.....  
Facilities Manager

Dated:

15<sup>th</sup> May 2020



## Service Charge Apportionment Schedule

1st April 2020 to 31st March 2021

| Address                      | Floor Areas  |             |              | G.I.A. Source | % Adopted                                |                                  |                                   |                         | Source of Adoption |
|------------------------------|--------------|-------------|--------------|---------------|------------------------------------------|----------------------------------|-----------------------------------|-------------------------|--------------------|
|                              | Ground Floor | First Floor | Second Floor |               | Sch 1 - Phases 1&2<br>Market Hall Street | Sch 2 - Phase 3<br>Church Street | Sch 3 - Phase 4<br>Church St Lift | Sch 4 - All Phases      |                    |
| PHASE 3                      |              |             |              |               |                                          |                                  |                                   |                         |                    |
| 3, Pt 9 & Flat 23 Church St  | 0.00         | 0.00        | 357.15       | 357.15 Plans  | 0.00%                                    | 12.32%                           | 67.36%                            | 7.74% Floor Area        |                    |
| 7 Church Street              | 197.14       | 88.72       | 93.06        | 378.92 Plans  | 0.00%                                    | 13.07%                           | 0.00%                             | 8.21% Floor Area        |                    |
| 9 Church Street              | 95.39        | 173.08      |              | 268.47 Plans  | 0.00%                                    | 9.26%                            | 32.64%                            | 5.82% Floor Area        |                    |
| 1 Church Street              | 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                      | 0.00         | 113.26      | 0.00         | 113.26 Plans  | 6.60%                                    | 0.00%                            | 0.00%                             | 2.52% Floor Area        |                    |
| Unit 1B & Gnd 1A             | 176.51       | 58.34       | 0.00         | 234.85 Plans  | 13.69%                                   | 0.00%                            | 0.00%                             | 5.03% Floor Area        |                    |
| 2 Market Hall Street         | 75.69        | 102.50      | 0.00         | 178.19 Plans  | 10.39%                                   | 0.00%                            | 0.00%                             | 3.86% Floor Area        |                    |
| 4 Market Hall Street         | 58.56        | 50.88       | 0.00         | 109.44 Plans  | 6.38%                                    | 0.00%                            | 0.00%                             | 2.37% Floor Area        |                    |
| 6 Market Hall Street         | 74.99        | 86.20       | 0.00         | 161.19 Plans  | 9.40%                                    | 0.00%                            | 0.00%                             | 3.50% Floor Area        |                    |
| 8 Market Hall Street         | 58.52        | 56.28       | 0.00         | 114.80 Plans  | 6.69%                                    | 0.00%                            | 0.00%                             | 2.49% Floor Area        |                    |
| 10 Market Hall Street        | 57.41        | 57.95       | 0.00         | 115.36 Plans  | 6.73%                                    | 0.00%                            | 0.00%                             | 2.50% Floor Area        |                    |
| 12 Market Hall Street        | 62.31        | 56.36       | 0.00         | 118.67 Plans  | 6.92%                                    | 0.00%                            | 0.00%                             | 2.57% Floor Area        |                    |
| 14 Market Hall Street        | 149.63       | 128.63      | 0.00         | 278.26 Plans  | 16.22%                                   | 0.00%                            | 0.00%                             | 6.03% Floor Area        |                    |
| 16a Market Hall Street       | 84.45        | 0.00        | 0.00         | 84.45 Plans   | 4.92%                                    | 0.00%                            | 0.00%                             | 1.83% Floor Area        |                    |
| 16b Market Hall Street       | 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 | 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 2020 to 31st March 2021**

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

| Service Charge Item       | Schedule | Budget<br>2019/2020 | Budget<br>2020/2021 | Budget v<br>Budget<br>Variance % | Budget v<br>Budget<br>Variance £ |
|---------------------------|----------|---------------------|---------------------|----------------------------------|----------------------------------|
| Cleaning                  | 1        | £ 14,625.00         | £ 15,064.00         | 3.00%                            | £ 439                            |
| Refuse                    | 1        | £ 25,000.00         | £ 25,000.00         | 0.00%                            | £ -                              |
| Internal Building Repair  | 1        | £ 3,000.00          | £ 3,000.00          | 0.00%                            | £ -                              |
| Lift Maintenance          | 1        | £ 480.00            | £ 480.00            | 0.00%                            | £ -                              |
| Lift Repairs              | 1        | £ 5,000.00          | £ 5,000.00          | 0.00%                            | £ -                              |
| Sprinklers                | 1        | £ 2,600.00          | £ 2,600.00          | 0.00%                            | £ -                              |
| Audit Fees                | 1        | £ 264.00            | £ 268.00            | 1.52%                            | £ 4                              |
| Management Fees           | 1        | £ 8,503.44          | £ 8,859.31          | 4.19%                            | £ 356                            |
| Facilities Management Fee | 1        | £ 934.56            | £ 973.67            | 4.18%                            | £ 39                             |
| <b>1 Total</b>            |          | <b>£ 60,407.00</b>  | <b>£ 61,244.98</b>  | <b>1.39%</b>                     | <b>£ 838</b>                     |
| Cleaning                  | 2        | £ 4,875.00          | £ 5,021.00          | 2.99%                            | £ 146                            |
| Audit Fees                | 2        | £ 24.00             | £ 24.00             | 0.00%                            | £ -                              |
| Management Fees           | 2        | £ 773.04            | £ 793.37            | 2.63%                            | £ 20                             |
| Facilities Management Fee | 2        | £ 84.96             | £ 87.19             | 2.62%                            | £ 2                              |
| <b>2 Total</b>            |          | <b>£ 4,875.00</b>   | <b>£ 5,925.56</b>   | <b>21.55%</b>                    | <b>£ 1,051</b>                   |
| External Building Repair  | 4        | £ 6,566.00          | £ 7,000.00          | 6.61%                            | £ 434                            |
| Drain Maintenance         | 4        | £ 500.00            | £ 500.00            | 0.00%                            | £ -                              |
| Electrical Repairs        | 4        | £ 600.00            | £ 200.00            | -66.67%                          | -£ 400                           |
| Electricity Supply        | 4        | £ 5,200.00          | £ 5,000.00          | -3.85%                           | -£ 200                           |
| Telephone                 | 4        | £ 350.00            | £ 600.00            | 71.43%                           | £ 250                            |
| Fire Prevention           | 4        | £ 6,900.00          | £ 6,900.00          | 0.00%                            | £ -                              |
| Health & Safety           | 4        | £ 900.00            | £ 500.00            | -44.44%                          | -£ 400                           |
| Audit Fees                | 4        | £ 112.00            | £ 108.00            | -3.57%                           | -£ 4                             |
| Management Fees           | 4        | £ 3,607.52          | £ 3,570.17          | -1.04%                           | -£ 37                            |
| Facilities Management Fee | 4        | £ 396.48            | £ 392.38            | -1.03%                           | -£ 4                             |
| <b>4 Total</b>            |          | <b>£ 25,132.00</b>  | <b>£ 24,770.55</b>  | <b>-1.44%</b>                    | <b>-£ 361</b>                    |
| <b>Grand Total</b>        |          | <b>£ 91,296.00</b>  | <b>£ 91,941.09</b>  | <b>0.71%</b>                     | <b>£ 645</b>                     |