



JOHNSON FELLOWS
CHARTERED SURVEYORS

Market Hall Street/Church Street

Cannock

Staffordshire

WS11 1EB

Service Charge Budget Report

1st April 2023 to 31st March 2024

Johnsonfellows.co.uk

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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 2023. This year there is a reduction in the overall budget of 8.88% over the previous years' budget.

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 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.

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Management Team

Facilities Manager:

Robert Scott

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0407

Mobile: 07540 732 602

Email: robert.scott@johnsonfellows.co.uk

Robert Scott is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Maria Lazenbury

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0454

Mobile: 07884 352 576

Email: maria.lazenbury@johnsonfellows.co.uk

Maria Lazenbury 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. Due the provisions of a new lease granted within the development a new schedule (referenced Schedule 5) has been introduced this year to separate the expenditure heading relating to refuse, this is to ensure that only those tenants that benefit from this service contribute.

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

Schedule 5 – Phases 1 & 2 Market Hall Street

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 four active schedules are based on the costs within each schedule. This is to reflect the level of services for each schedule. The split for the current year is follows:

Schedule 1	36.00%
Schedule 2	8.73%
Schedule 3	n/a
Schedule 4	35.58%
Schedule 5	19.68%

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** **£17,300.00**

Cost for the onsite caretaker who carries out the cleaning of the communal areas. The costs within Schedule 1 relates to the cleaning of the internal corridors and a 50% share of the external costs within Schedule 2.

- **Refuse** **£0,000.00**

This expenditure heading has now been moved to schedule 5.

- **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** **£3,480.00**

This cost heading has been amalgamated with the lift repairs heading and is for the annual maintenance contract and any associated repairs. It has been maintained at the same level for forthcoming year.

- **Audit Fees** **£144.02**

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 four service charge schedules.

- **Management Fee** **£5,924.98**

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 13.84% increase over the 12-month period. The total Management Fee is £16,456 which is now shared across the four schedules.



- **Facilities Management** **£651.33**

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 13.84% increase over the 12-month period. The total Facilities Management charge is £1,809, which is now shared across the four schedules.

Total

Schedule 1 **£30,500.33**

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SCHEDULE 2 – Phase 3 Church Street

All figures are shown net of VAT

- **Cleaning** **£5,766.39**

Cost for the onsite caretaker who carries out the cleaning of the communal areas. There is a nominal increase in respect of the contract for this year.

- **Audit Fees** **£34.92**

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 four service charge schedules.

- **Management Fee** **£1,436.74**

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 13.84% increase over the 12-month period. The total Management Fee is £16,456 which is now shared across the four schedules.

- **Facilities Management** **£157.94**

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 13.84% increase over the 12-month period. The total Facilities Management charge is £1809, which is now shared across the four schedules.

Total

Schedule 2 **£7,396.00**

SCHEDULE 3 – (Phase 4) NO LONGER ACTIVE



SCHEDULE 4 – All Phases

All figures are shown net of VAT

- **External Building Repairs** **£4,500.00**

The budget has been maintained at the current level to allow for the re-lining of the car park and any essential repairs.

- **Drainage** **£750.00**

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 and re-lamping. The budget has been maintained at the same level for the new year.

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

The cost of the electricity supply to the common areas. The budget has been maintained at the same level to accommodate any increases in energy prices currently being experienced market wide.

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

- **Fire Prevention** **£10,500.00**

This is the 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 current year.

- **Health and Safety** **£750.00**

The budget is for the preparation of the annual health and safety audits required to ensure statutory compliance.

- **Snow Clearance/Gritting** **£1200.00**

This new budget heading has been introduced to provide for any expenditure incurred in relation to the gritting of the external areas as required.



- **Audit Fees** **£142.32**

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 four service charge schedules.

- **Management Fee** **£5,855.22**

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 an 13.84% increase over the 12-month period. The total Management Fee is £16,456 which is now shared across the four schedules.

- **Facilities Management** **£643.66**

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 13.84% increase over the 12-month period. The total Facilities Management charge is £1,809, which is now shared across the four schedules.

Total

Schedule 4 **£30,141.20**

SCHEDULE 5 – Phase 1 & 2

- **Refuse** **£13,000.00**

Daily collection of all tenant's waste at site. The budget has been reduced to reflect the reduction in frequency of collections required.

- **Audit Fees** **£78.73**

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 four service charge schedules.

- **Management Fee** **£3,239.06**

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 13.84% increase over the 12-month period. The total Management Fee is £16,456 which is now shared across the four schedules.



- **Facilities Management** **£356.07**

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 13.84% increase over the 12-month period. The total Facilities Management charge is £1, 809, which is now shared across the four schedules.

Total

Schedule 5 **£16,673.86**

Management Surveyor

Facilities Manager

April 2023

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

Service Charge Apportionment Schedule

1st April 2023 to 31st March 2024

Address	Floor Areas				G.I.A. Source	% Adopted					
	Ground Floor	First Floor	Second Floor			Sch 1 - Market Hall Street	Sch 2 - Phase 3 Church Street	Sch 3 - Phase 4 Church St Lift	Sch 4 - All Phases	Sch 5 - Phases 1 & 2 Source of Adoption	
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%	0.00%	Floor Area
7 Church Street	197.14	88.72	98.06	378.92	Plans	0.00%	13.07%	0.00%	8.21%	0.00%	Floor Area
9 Church Street	95.39	173.08	0.00	268.47	Plans	0.00%	9.26%	32.64%	5.82%	0.00%	Floor Area
1 Church Street	894.97	882.36	116.35	1893.68	Plans	0.00%	65.35%	0.00%	41.05%	0.00%	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%	7.37%	Floor Area
Unit 1B & Gnd 1A	176.51	58.34	0.00	234.85	Plans	13.69%	0.00%	0.00%	5.03%	15.28%	Floor Area
2 Market Hall Street	75.69	102.50	0.00	178.19	Plans	10.39%	0.00%	0.00%	3.85%	0.00%	Floor Area
4 Market Hall Street	58.56	50.88	0.00	109.44	Plans	6.38%	0.00%	0.00%	2.37%	7.12%	Floor Area
6 Market Hall Street	74.99	86.20	0.00	161.19	Plans	9.40%	0.00%	0.00%	3.50%	10.49%	Floor Area
8 Market Hall Street	58.52	56.28	0.00	114.80	Plans	6.69%	0.00%	0.00%	2.49%	7.47%	Floor Area
10 Market Hall Street	57.41	57.95	0.00	115.36	Plans	6.73%	0.00%	0.00%	2.50%	7.51%	Floor Area
12 Market Hall Street	62.31	56.36	0.00	118.67	Plans	6.92%	0.00%	0.00%	2.57%	7.72%	Floor Area
14 Market Hall Street	149.63	128.63	0.00	278.26	Plans	16.22%	0.00%	0.00%	6.03%	18.10%	Floor Area
16a Market Hall Street	84.45	0.00	0.00	84.45	Plans	4.92%	0.00%	0.00%	1.83%	5.49%	Floor Area
16b Market Hall Street	58.25	0.00	0.00	58.25	Plans	3.40%	0.00%	0.00%	1.26%	3.79%	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%	9.66%	Floor Area
			TOTAL	1715.27		100.00%	100.00%	100.00%	100.00%	100.00%	
			MASTER								
			TOTAL	4613.49							



Appendix B

Market Hall Street/Church Street, Cannock, Staffordshire, WS11 1EB					
Service Charge Variance Schedule					
1st April 2023 to 31st March 2024					
The property is VAT registered. Figures for all Schedules are shown net of VAT.					
Service Charge Item	Schedule	Budget 2022/2023	Budget 2023/2024	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£17,133.00	£17,300.00	0.97%	£ 167.00
Internal Building Repair	1	£ 3,000.00	£ 3,000.00	0.00%	£ -
Lift Maintenance	1	£ 3,480.00	£ 3,480.00	0.00%	£ -
Audit Fees	1	£ 256.00	£ 144.02	-43.74%	-£ 111.98
Management Fees	1	£ 9,252.03	£ 5,924.98	-35.96%	-£ 3,327.05
Facilities Management Fee	1	£ 1,016.83	£ 651.33	-35.95%	-£ 365.50
1 Total		£34,137.86	£30,500.33		-£ 3,637.53
Cleaning	2	£ 5,711.00	£ 5,766.39	0.97%	£ 55.39
Audit Fees	2	£ 28.00	£ 34.92	24.73%	£ 6.92
Management Fees	2	£ 1,011.94	£ 1,436.74	41.98%	£ 424.80
Facilities Management Fee	2	£ 111.22	£ 157.94	42.01%	£ 46.72
2 Total		£ 6,862.16	£ 7,396.00		£ 533.84
External Building Repair	4	£ 4,500.00	£ 4,500.00	0.00%	£ -
Drain Maintenance	4	£ 750.00	£ 750.00	0.00%	£ -
Electrical Repairs	4	£ 200.00	£ 200.00	0.00%	£ -
Electricity Supply	4	£ 5,000.00	£ 5,000.00	0.00%	£ -
Telephone	4	£ 600.00	£ 600.00	0.00%	£ -
Fire Prevention	4	£10,500.00	£10,500.00	0.00%	£ -
Health & Safety	4	£ 650.00	£ 750.00	15.38%	£ 100.00
Gritting	4	£ -	£ 1,200.00	100.00%	£ 1,200.00
Audit Fees	4	£ 116.00	£ 142.32	22.69%	£ 26.32
Management Fees	4	£ 4,192.33	£ 5,855.22	39.67%	£ 1,662.89
Facilities Management Fee	4	£ 460.72	£ 643.66	39.71%	£ 182.94
4 Total		£26,969.05	£30,141.20		£ 3,172.15
Refuse	5	£25,000.00	£13,000.00	-48.00%	-£12,000.00
Audit Fees	5	£ -	£ 78.73	100.00%	£ 78.73
Management Fees	5	£ -	£ 3,239.06	100.00%	£ 3,239.06
Facilities Management Fee	5	£ -	£ 356.07	100.00%	£ 356.07
5 Total		£25,000.00	£16,673.86		-£ 8,326.14
Grand Total		£92,969.07	£84,711.39	-8.88%	