



JOHNSON FELLOWS
CHARTERED SURVEYORS

Market Hall Street/Church Street

Cannock

Staffordshire

WS11 1EB

Service Charge Expenditure Report

1st April 2015 to 31st March 2016



Contents

Introduction

The Property

Voids and Concessions

VAT

Banking

Service Charge Objectives

Management Team

Service Charge Apportionment

Expenditure 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 expenditure incurred during the service charge year 1st April 2015 to 31st March 2016.

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. 2 Market Hall Street, 14 Market Hall Street, 1st Floor 16 Market Hall Street, 3 Church Street, 7 Church Street and Flat 23 Church Street were all vacant for at least a proportion of the service charge year.

VAT

The Landlord has elected the property for VAT, consequently the expenditure figures stated within this report are 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 this report is to provide a clear explanation of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency.



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.



Expenditure Commentary

SCHEDULE 1 - Phases 1 and 2 Market Hall Street

All figures are shown net of VAT

- **Cleaning** **£9,323.40**

The expenditure is for the onsite caretaker who carries out the cleaning of the communal areas. The costs have been split equally between Schedule 1 and Schedule 2. The expenditure was marginally above budget.

- **Refuse** **£19,750.90**

The expenditure relates to the daily collection of the tenant's waste and recycling at site. The costs came in above budget due to an increase in contract rates during the service charge year.

- **Internal Building Repair** **-£1,324.21**

The expenditure shows a credit. This is due to an accrual of £1,500.00 during the previous service charge year. Only minor repairs within the internal corridors were completed during the year. The proposed deep clean of the corridors was not completed.

- **Lift Maintenance** **£813.60**

The heading relates to the annual maintenance contract for the two goods lifts, consisting of three services by ThyssenKrupp lifts and an insurance inspection. The total costs came in below budget.

- **Lift Repairs** **£7,163.23**

The expenditure relates to various essential works completed during the service charge year as identified on the insurance survey, together with certain ad hoc repairs. The total costs were below budget.

Total

Schedule 1 **£35,726.92**



SCHEDULE 2 – Phase 3 Church Street

All figures are shown net of VAT

- **Cleaning** **£9,323.40**

The expenditure is for the onsite caretaker who carries out the cleaning of the communal areas. The costs have been split equally between Schedule 1 and Schedule 2. The expenditure was marginally above budget.

- **Internal Building Repair** **£0.00**

No expenditure was incurred under the cost heading during the year.

Total

Schedule 2 **£9,323.40**

SCHEDULE 3 – Phase 4 Church Street Lift

All figures are shown net of VAT

- **Lift Maintenance** **£406.80**

The heading relates to the annual maintenance contract for the passenger lift, consisting of three services by ThyssenKrupp lifts and an insurance inspection. The total costs came in below budget.

- **Lift Repairs** **£0.00**

The cost heading relates to essential works and ad hoc repairs. No expenditure was incurred during the year.

Total

Schedule 3 **£406.80**



SCHEDULE 4 – All Phases

All figures are shown net of VAT

- **External Building Repair** **-£3,455.00**

The expenditure shows a credit. This is due to an accrual of £4,500.00 during the previous service charge year for essential works. However, this credit should be viewed in conjunction with the expenditure below under 'External Repair'.

- **Electrical Repairs** **£0.00**

No electrical repairs were completed during the service charge year.

- **External Repair** **£3,575.00**

Whilst placed under a separate heading, this item should have been incorporated within the 'External Building Repair' heading. The costs primarily relate to the tarmac repairs to the car park surface and yellow lining.

- **Drain Maintenance** **£1,150.00**

The expenditure relates to the annual flush through of the drains, together with some essential unbudgeted pipework repairs. The total expenditure was above budget.

- **Electricity Supply** **£2,348.32**

The expenditure relates to the cost of the electricity supply to the common areas. The expenditure was below budget.

- **Telephone** **£361.25**

The expenditure 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 expenditure came in marginally above budget.

- **Sprinklers** **£0.00**

The expenditure relating to the annual maintenance contract for the sprinkler system is incorporated under fire prevention below.

- **Fire Prevention** **£9,155.75**

The expenditure relates to the annual cost for weekly fire alarm testing, emergency light testing, fire alarm drills, testing of the fire extinguishers, dry riser testing and sprinkler maintenance. Overall the expenditure was below budget when sprinkler maintenance is factored in.

- **Audit Fees** **£400.00**

The heading is for an independent accountant to certify the service charge expenditure for the year. The cost is as budgeted.



- **Management Fee** **£11,807.00**

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 cost is in line with the budget.

- **Facilities Management** **£900.00**

The expenditure relates to the fee for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The cost is in line with the budget.

Total

Schedule 4 **£26,242.32**

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Management Surveyor

.....
Facilities Manager

.....
Dated
5th August 2016

.....
Dated
5th August 2016



Appendix A

Market Hall Street/Church Street, Cannock										
Service Charge Apportionment Schedule										
1st April 2015 to 31st March 2016										
Address	Occupier	Floor Areas			G.I.A. Source	% Adopted		Sch 3 - Phase 4 Church St Lift	Sch 4 - All Phases Source of Adoption	
		Ground Floor	First Floor	Second Floor		Market Hall Street	Church Street			
PHASE 3										
3, Pt 9 & Flat 23 Church St	Void	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	Hallifax	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	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	Void	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				
Service Charge Variance Schedule				
1st April 2015 to 31st March 2016				
The property is VAT registered. Figures for all Schedules shown net of VAT.				
	Budget	Expenditure	Variance (£)	Variance (%)
Schedule 1 - Phases 1& 2				
Cleaning	8,900.00	9,323.40	423.40	4.45%
Refuse	16,500.00	19,750.90	3,250.90	16.46%
Internal Building Repair	2,000.00	-1,324.21	-3,324.21	-251.03%
Lift Maintenance	940.00	813.60	-126.40	-15.54%
Lift Repairs	14,000.00	7,163.23	-6,836.77	-95.44%
Total	42,340.00	35,726.92	-6,613.08	-15.62%
Schedule 2 - Phase 3				
Cleaning	8,900.00	9,323.40	423.40	4.54%
Internal Building Repair	500.00	-	-500.00	N/A
Total	9,400.00	9,323.40	-76.60	-0.81%
Schedule 3 - Phase 4				
Lift Maintenance	500.00	406.80	-93.20	-22.91%
Lift Repairs	2,000.00	-	-2,000.00	N/A
Total	2,500.00	406.80	-2,093.20	-83.73%
Schedule 4 - All Phase				
External Building Repair	6,500.00	-3,455.00	-9,955.00	-288.13%
Electrical Repairs	500.00	-	-500.00	N/A
External Repair	-	3,575.00	3,575.00	100.00%
Drain Maintenance	500.00	1,150.00	650.00	56.52%
Electricity Supply	5,000.00	2,348.32	-2,651.68	-112.92%
Sprinklers	1,250.00	-	-1,250.00	N/A
Telephone	350.00	361.25	11.25	3.11%
Fire Prevention	8,500.00	9,155.75	655.75	7.16%
Audit Fees	400.00	400.00	0.00	0.00%
Management Fees	11,807.00	11,807.00	0.00	0.00%
Facilities Management	900.00	900.00	0.00	0.00%
Total	35,707.00	26,242.32	-9,464.68	-26.51%
Grand Total	89,947.00	71,699.44	-18,247.56	-20.29%