



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Market Hall Street/Church Street**

**Cannock**

**Staffordshire**

**WS11 1EB**

**Service Charge Expenditure Report**

**1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017**



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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 expenditure incurred during the service charge year 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017.

## **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). Whilst the stairs and lift within Schedule 3 (Church Street) formed part of the communal areas at the outset of the service charge year, they have now been removed following the inclusion of this area within the lease granted on 3 Church Street.

## **Voids and Concessions**

Where any void units exist, the responsibility for the service charge rests with the Landlord. 14 Market Hall Street, 1st Floor 16 Market Hall Street, 16b Market Hall Street and 7 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 3<sup>rd</sup> 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](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 Church Street Lift (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.

Schedule 3 is no longer used. The lift and internal stairwell was demised to the occupier of 3 Church Street. In addition, the internal cleaning and building repair costs have been removed from Schedule 2. This change occurred after the budget for the year was produced, but it is backdated to the start of the service charge year.

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** **£14,593.80**

The expenditure is for the onsite caretaker who carries out the cleaning of the communal areas. The internal cleaning duties have been removed from Schedule 2, but it was felt beneficial for the property to maintain the same contract hours. Schedule 2 now picks up a 50% share of external costs only. The remaining 50% of the external costs, together with the full cost for the cleaning of the internal corridors is allocated to Schedule 1. As a consequence, the expenditure came in above budget,

- **Refuse** **£20,821.53**

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** **£1,500.00**

The expenditure relates to the replacement and repair of the internal fire doors. Overall the expenditure came in below budget.

- **Lift Maintenance** **£838.08**

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** **£2,083.26**

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** **£39,836.67**



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

*All figures are shown net of VAT*

- **Cleaning** **£4,864.60**

The expenditure is for the onsite caretaker who carries out the cleaning of the communal areas. The internal cleaning duties have been removed from Schedule 2. Schedule 2 now picks up a 50% share of external costs only. The remaining 50% of the external costs, together with the full cost for the cleaning of the internal corridors is allocated to Schedule 1. As a consequence, the expenditure came in below budget.

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

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

#### **Total**

**Schedule 2** **£4,864.60**

### **SCHEDULE 3 – Phase 4 Church Street Lift**

*All figures are shown net of VAT*

- **Lift Maintenance** **£0.00**

No expenditure was incurred under the cost heading following the inclusion of this area within the lease demise of 3 Church Street.

- **Lift Repairs** **£0.00**

No expenditure was incurred under the cost heading following the inclusion of this area within the lease demise of 3 Church Street.

#### **Total**

**Schedule 3** **£0.00**



## **SCHEDULE 4 – All Phases**

**All figures are shown net of VAT**

- **External Building Repair** **£1,738.00**

The main item of expenditure was tarmac repairs to the car park deck. In addition, new grit bins were supplied.

- **Electrical Repairs** **£750.00**

The expenditure relates to the completion of the 5 year fixed wire certificate in respect of the communal canopy lighting.

- **Drain Maintenance** **£612.00**

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** **£3,174.90**

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

- **Telephone** **£566.45**

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 above budget.

- **Fire Prevention** **£8,102.96**

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.

- **Health and Safety** **£900.00**

The cost heading is for the completion of a health and safety audit and for an asbestos management plan. The cost is as budgeted.

- **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** **£11,821.00**

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** **£1,300.00**

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

**Total**

**Schedule 4** **£29,365.31**

.....  
Management Surveyor

.....  
Facilities Manager

.....  
Dated  
14<sup>th</sup> August 2017

.....  
Dated  
14<sup>th</sup> August 2017

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			Source of Adoption
		Ground Floor	First Floor	Second Floor		Sch 1 - Phases 1&2 Market Hall Street	Sch 2 - Phase 3 Church Street	Sch 4 - All Phases	
<b>PHASE 3</b>									
3 & Pt 9 Church Street	G Williams	0.00	0.00	267.71	267.71 Plans	0.00%	9.23%	5.81%	Floor Area
Flat 23 Church Street	Void/LL	0.00	0.00	89.44	89.44 Plans	0.00%	3.09%	1.93%	Floor Area
7 Church Street	Void	197.14	88.72	93.06	378.92 Plans	0.00%	13.07%	8.21%	Floor Area
9 Church Street	Halfax	95.39	173.08	0.00	268.47 Plans	0.00%	9.26%	5.82%	Floor Area
1 Church Street	Boots	894.97	882.36	116.35	1893.68 Plans	0.00%	65.35%	41.05%	Lease states 72%
				<b>TOTAL</b>	<b>2898.22</b>	<b>0.00%</b>	<b>100.00%</b>		
<b>PHASES 1&amp;2</b>									
Unit 1A	H Samuel	0.00	113.26	0.00	113.26 Plans	6.60%	0.00%	2.52%	Floor Area
Unit 1B & Gnd 1A	C Moule	176.51	58.34	0.00	234.85 Plans	13.69%	0.00%	5.03%	Floor Area
2 Market Hall Street	Crawshaw	75.69	102.50	0.00	178.19 Plans	10.39%	0.00%	3.86%	Floor Area
4 Market Hall Street	Vodafone	58.56	50.88	0.00	109.44 Plans	6.38%	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%	3.50%	Floor Area
8 Market Hall Street	3G UK	58.52	56.28	0.00	114.80 Plans	6.69%	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%	2.50%	Floor Area
12 Market Hall Street	Sportswift	62.31	56.36	0.00	118.67 Plans	6.92%	0.00%	2.57%	Floor Area
14 Market Hall Street	Void	149.63	128.63	0.00	278.26 Plans	16.22%	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%	1.83%	Floor Area
16b Market Hall Street	Void	58.25	0.00	0.00	58.25 Plans	3.40%	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%	3.22%	Floor Area
				<b>TOTAL</b>	<b>1715.27</b>	<b>100.00%</b>	<b>100.00%</b>		
				<b>MASTER TOTAL</b>	<b>4613.485</b>				



**Appendix B**

**Market Hall Street/Church Street, Cannock**

**Service Charge Variance Schedule**

**1st April 2016 to 31st March 2017**

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

	Budget	Expenditure	Variance (£)	Variance (%)
<b>Schedule 1 - Phases 1 &amp; 2</b>				
Cleaning	9,000.00	14,593.80	£ 5,593.80	62.15%
Refuse	17,000.00	20,821.53	£ 3,821.53	22.48%
Internal Building Repair	3,000.00	1,500.00	-£ 1,500.00	-50.00%
Lift Maintenance	960.00	838.08	-£ 121.92	-12.70%
Lift Repairs	10,000.00	2,083.26	-£ 7,916.74	-79.17%
<b>Total</b>	<b>39,960.00</b>	<b>39,836.67</b>	<b>-123.33</b>	<b>-0.31%</b>
<b>Schedule 2 - Phase 3</b>				
Cleaning	9,000.00	4,864.60	-£ 4,135.40	-45.95%
Internal Building Repair	500.00	-	-£ 500.00	-100.00%
<b>Total</b>	<b>9,500.00</b>	<b>4,864.60</b>	<b>-4,635.40</b>	<b>-48.79%</b>
<b>Schedule 3 - Phase 4</b>				
Lift Maintenance	500.00	-	-£ 500.00	-100.00%
Lift Repairs	1,500.00	-	-£ 1,500.00	-100.00%
<b>Total</b>	<b>2,000.00</b>	<b>-</b>	<b>-2,000.00</b>	<b>-100.00%</b>
<b>Schedule 4 - All Phase</b>				
External Building Repair	5,000.00	1,738.00	-3,262.00	-65.24%
Electrical Repairs	600.00	750.00	150.00	25.00%
Drain Maintenance	500.00	612.00	112.00	22.40%
Electricity Supply	5,200.00	3,174.90	-2,025.10	-38.94%
Telephone	350.00	566.45	216.45	61.84%
Fire Prevention	9,000.00	8,102.96	-897.04	-9.97%
Health & Safety	900.00	900.00	0.00	0.00%
Audit Fees	400.00	400.00	0.00	0.00%
Management Fees	11,821.00	11,821.00	0.00	0.00%
Facilities Management	1,300.00	1,300.00	0.00	0.00%
<b>Total</b>	<b>35,071.00</b>	<b>29,365.31</b>	<b>-5,705.69</b>	<b>-16.27%</b>
<b>Grand Total</b>	<b>86,531.00</b>	<b>74,066.58</b>	<b>-12,464.42</b>	<b>-14.40%</b>