



JOHNSON FELLOWS
CHARTERED SURVEYORS

Stockwell Gate

Mansfield

Nottinghamshire

NG18 1LG

Service Charge Budget Report

1st May 2018 to 30th April 2019



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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, Tesco Stores Limited. It is intended to provide details of the planned expenditure for the forthcoming service charge year.

The Property

The property is situated within Mansfield town centre, adjacent to the former bus station, which is now a surface car park.

The property comprises part of the former bus station terminal building, a multi storey car park on the upper floors and three retail units fronting Stockwell Gate. There is a service yard to the retail units accessed from Walkden Street, at the rear of the building.

The multi storey car park and bus station building are held on a single lease by Mansfield District Council which is self-contained and is not relevant to the normal service charge expenditure. The lease held by Mansfield District Council does however provide for them to pay a fair and proper proportion of the expense of cleaning, lighting, repairing, making, maintaining and rebuilding part or parts of the demised premises or other buildings including all structural walls, fences, gutters, drains, roadways, pavements, entrance ways, stairs and passages, access ways, ramps and service areas used by the Council as tenant in common with other parties.

The main external communal area for the retail units is the loading bay/service yard accessed from Walkden Street. All retail units have use of this service yard.

The internal communal areas comprise of the loading area, corridors, stairs and lifts serving the loading bay and the rear access to the retail units.

The common parts also include the main structure and external doors and windows together with amenities for common benefit.

Voids and Concessions

There is no void accommodation.

Any shortfall in the recovery of the service charge expenditure as a result of a concessions granted to a tenant are funded by the Landlord.

VAT

The Landlord has elected the property for VAT; consequently, the budget stated within this report is net of VAT.



Banking

Due to the level of service charge funds, they are not maintained within a discrete bank account. The funds are held within the Johnson Fellows client 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.

Reserve Fund

In the future, repairs will be necessary to various elements of the building. It is financial prudent to plan for the cost of these repairs in advance and to spread the cost over a period of time. For this reason, a reserve fund has been established.

The fund will be held in a discrete bank account with interest credited to it. Any banking costs will be paid from the service charge together with any tax on the interest earned. An allowance for VAT will be made in the reserve fund.

Service Charge Objectives

The object of this budget report is to provide clear explanation of the planned service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency and to allow the leaseholders to budget accurately for the forthcoming year.

We encourage leaseholders to provide comments on the format and/or the information contained in this report which would assist in the report being improved for the benefit of all concerned. We would also welcome constructive feedback on the communal services provided at the property.

As Managing Agents, Johnson Fellows aim to provide a high quality management service in order to provide a well maintained environment, and delivering value for money for the service charge expenditure.

The service charge is administered having regard to Service Charges in Commercial Property; RICS Code of Practice.



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:

George Brittain

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

Direct Dial: 0121 234 0454

Mobile: 07884 352 576

Email: george.brittain@johnsonfellows.co.uk

George Brittain 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 service charge operates for the whole property as defined in the lease documents. The apportionment percentages for each lessee are noted within the Service Charge Apportionment Schedule, as detailed in Appendix A.

The due proportion is based primarily on the net internal area of each retail unit relative to the total net internal area of all retail units.

If such apportionment is inappropriate, the Landlord has reasonable discretion to adopt such other due proportion as is fair and reasonable. This may include attributing the whole expenditure to a particular occupier.

The percentages adopted are those having regard to the net internal area of the retail units. The service charge percentage apportionments are detailed in Appendix A.

Any expenditure incurred which is to be shared between the retail units and the car park/bus terminal building will be apportioned having regards to the nature of the expenditure. In most circumstances this will reflect the gross internal area of the car park/bus terminal building and the remaining areas of the building, with this share then being split between the retail tenants having regards to their normal apportionment percentages. The GIA areas have been calculated following a joint inspection of the property with the Council and the percentage share calculated for the Council is 73.5%.



Budget Commentary

All figures are shown net of VAT

- **Cleaning** **£1,500**

We have included contingency for ad-hoc cleaning of internal communal areas and clearing the service yard in the event tenants do not keep these areas clear directly.

- **Pest Control** **£500**

Following discussions with the Council, preventative measures against pigeons are being put in place.

- **Building Repair** **£4,000**

Budgeted cost for building repairs, including repair works.

- **External Decorations** **£3,500**

Budget for a refresh of the external areas this has been separated from building repairs this year to increase transparency.

- **Electrical Maintenance** **£1,000**

Budgeted cost for repairs to any defective communal electrical fittings including lighting.

- **Electricity Supply** **£3,800**

Budgeted cost for communal areas electricity supply to include lifts and lighting based on previous billing.

- **Lift Maintenance** **£6,000**

The contract cost for maintenance of the goods lifts together with a contingency for unforeseen works outside the scope of the contract.

- **Fire Prevention** **£3,000**

The contract cost for required testing, auditing and drills; fire panel servicing, monitoring and key holding; and contingency for any related repair works.

- **Statutory Compliance** **£500**

Budget cost for the implementation of a Disaster Recovery Plan.

- **Reserve Fund** **£2,000**

A reserve fund has been put in place to collect funds for the replacement lift panel budgeted at £12,000. Plan to accrue £2,000 per year until 2020/2021.



- **Insurance** **£550**

Cost of engineering insurance for the lifts, including the cost of annual statutory audit.

- **Audit Fee** **£350**

The Landlord and Tenant Act 1985 and RICS regulations require that service charge accounts are certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts.

- **Management Fee** **£2,914**

This budget includes the management fees for supervising the communal areas together and the administration of the service charge. With the experience gained since the introduction of the service charge, the fee has been reviewed.

- **Staff costs** **£2,067**

This is the cost for employing a Facilities Manager to oversee any maintenance issues with the site.

Total **£31,681**

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Management Surveyor

.....
Dated
June 2018

.....
Facilities Manager

.....
Dated
June 2018



Appendix A

Stockwell Gate, Mansfield NG18 1LG

Service Charge Apportionment Schedule

1st May 2018 to 30th April 2019

Unit	Schedule	Area (sq ft)	Percentage
1	1	25,325	47.85%
2	1	14,220	26.87%
3	1	13,380	25.28%
Total		52,925	100.00%



Appendix B

Stockwell Gate, Mansfield NG18 1LG

Service Charge Variance Schedule

1st May 2018 to 30th April 2019

The property is VAT registered. Figures shown net of VAT

Service Charge Item	Schedule	Budget 2017/18	Budget 2018/19	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£ 1,500	£ 1,500	0.00%	£ -
Pest Control	1	£ -	£ 500	NA	£ 500
Building Repair	1	£ 7,500	£ 4,000	-46.67%	-£ 3,500
External Decoration	1	£ -	£ 3,500	NA	£ 3,500
Electrical Maintenance	1	£ 1,000	£ 1,000	0.00%	£ -
Electricity Supply	1	£ 3,800	£ 3,800	0.00%	£ -
Lift Maintenance	1	£ 6,000	£ 6,000	0.00%	£ -
Fire Prevention	1	£ 3,000	£ 3,000	0.00%	£ -
Statutory Compliance	1	£ 500	£ 500	0.00%	£ -
Reserve Fund	1	£ 2,000	£ 2,000	0.00%	£ -
Insurance	1	£ 550	£ 550	0.00%	£ -
Audit Fees	1	£ 350	£ 350	0.00%	£ -
Management Fees	1	£ 2,820	£ 2,914	3.33%	£ 94
Staff Costs	1	£ 2,000	£ 2,067	3.35%	£ 67
Total		£ 31,020	£ 31,681	0.00%	£ 661