

## **Service Charge Budget Report**

Stockwell Gate

Mansfield

Nottinghamshire

NG18 1LG

Service Charge Year

1<sup>st</sup> May 2014 to  
30<sup>th</sup> April 2015



# JOHNSON FELLOWS

CHARTERED SURVEYORS

**Stockwell Gate, Mansfield, Nottinghamshire, NG18 1LG**





# JOHNSON FELLOWS

CHARTERED SURVEYORS

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# JOHNSON FELLOWS

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## 1. 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 & 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.



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## Banking

Due to the level of service charge funds, they are not maintained within a discreet bank account. The funds are held within the Johnson Fellows client account which is maintained with Barclays Bank plc, Colmore Row Birmingham. As a consequence the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.

There is no reserve fund.

## Service Charge Objectives

It is the objective of Johnson Fellows to issue service charge budgets at least one month prior to the start of the service charge year with the service charge year end accounts being completed within four months of the year end.

The object of this budget report is to provide a clear explanation for recovery of the service charge expenditure on a not full 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.

Tenants are encourage to comments on the format or the information contained within this report with a view to the report being improved for the benefit of all concerned. We would also welcome constructive feedback on the communal services provided at the property.

The objective of Johnson Fellows as Managing Agents is to provide a high quality management service. In doing so, we aim to provide a well maintained environment delivering value for money for the service charge expenditure.

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



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## 2. Management Team

### **Neil Wetherell**

Partner

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

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Neil Wetherell is the primary contact for this property.

### **Rachel Scicluna**

Partnership Secretary

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Rachel Scicluna is the client accountant responsible for this property.



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### 3. Service Charge Apportionment

The service charge provisions are set out in various lease documents.

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%.



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## 4. Budget Commentary

The service charge budget is detailed in Appendix B where the actual expenditure for 2012/2013 and the budget for 2013/2014 has been included to provide a comparison.

### Cleaning

£2,000

The budget is for the ad-hoc cleaning required to the internal communal areas and keeping clear the service yard in the event that tenants do not keep these areas clear and remove waste which they generate individually.

### Building Repair

£7,200

Repairs to drain pipes serving the whole building have been identified. These cost will be shared with the tenant of the car park, with 75.55% of the costs allocated to Mansfield Council.

A contingency sum has also been provided for any other repairs required to the building and the internal communal areas.

### Electrical Repair

£250

A contingency sum has been provided for any repairs to the communal electrics including lighting.

### Service Yard Maintenance

£0

This cost heading will be utilised for repairs identified to the service yard, comprising a drainage channel and a crack to a concrete slab which are planned for 2015/2016.

### Electricity Supply

£2,500

The budget is to cover the electrical supply to the communal lighting and lifts. The budget level reflects the consumption over the previous 12 months.

### Lift Maintenance

£4,000

The budget reflects the maintenance contract for the two goods lift.



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In addition repairs and maintenance works are anticipated during the service charge year.

## Fire Prevention

£3,000

The budget is for the maintenance of the fire alarm for the internal common areas. In addition the budget includes the costs of the weekly testing of the communal alarm system and the six monthly evacuation drill.

The budget includes a small contingency for unforeseen costs during the year.

## Statutory Compliance

£500

A health and safety audit of the common area is to be undertaken during the year.

## Insurance

£500

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

## Audit Fees

£350

Fees for the service charge year end accounts to be audited externally by accountants.

## Management Fees

£2,030

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. An appropriate fee would exceed the 10% cap contained in the leases, consequently the fee charged reflects 10% of the service charge expenditure.

## Total

£22,330

Whilst planned works dealing with water ingress into the building continue, the service charge budget is below last year's budget as a result of the planned expenditure for the service yard repairs being deferred until 2015/2016.



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## **Appendix A**

### **Service Charge Percentage Apportionment**



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## STOCKWELL GATE MANSFIELD

### Service Charge Apportionment Percentages

01 May 2014 to 30 April 2015

Unit	Tenant	GIA (Sq Ft)	Schedule 1 All Tenants
1	B&M Retail Ltd	25,325	47.85%
2	Pounstretcher	14,220	26.87%
3	BHF	13,380	25.28%
	<b>Total</b>	<b>52,925</b>	<b>100.00%</b>



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**Appendix B**

**Service Charge Budget Comparison**



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## STOCKWELL GATE MANSFIELD

### Service Charge Budget Variance Report

01 May 2014 to 30 April 2015

The property is VAT registered, all figures shown net of VAT

Service Charge Item	Schedule	Actual 2012/2013	Budget 2013/2014	Budget 2014/2015	Budget 2013/2014 v	Budget 2013/2014 v
					Budget 2014/2015	Budget 2014/2015
					(%)	(£)
Cleaning	1	£ 1,503	£ 2,000	£ 2,000	0.0%	£ -
Building Repair	1	£ 5,643	£ 10,000	£ 7,200	-28.0%	£ 2,800
Electrical Repair	1	£ -	£ 250	£ 250	0.0%	£ -
Service Yard Maintenance	1	£ -	£ -	£ -	N/A	£ -
Electricity Supply	1	£ 1,743	£ 2,000	£ 2,500	25.0%	£ 500
Lift Maintenance	1	£ 3,352	£ 4,000	£ 4,000	0.0%	£ -
Fire Prevention	1	£ 2,107	£ 3,000	£ 3,000	0.0%	£ -
Statutory Compliance	1	£ 400	£ -	£ 500	N/A	£ 500
Insurance	1	£ 442	£ 900	£ 500	-44.4%	£ 400
Audit Fees	1	£ 200	£ 350	£ 350	0.0%	£ -
Management Fees	1	£ 1,036	£ 2,250	£ 2,030	-9.8%	£ 220
<b>Grand Total</b>		<b>£ 16,426</b>	<b>£ 24,750</b>	<b>£ 22,330</b>	<b>-9.8%</b>	<b>£ 2,420</b>