



Kingston Walk

Kingston Centre

Winchester Circle

Milton Keynes

MK10 0BA

Service Charge Budget Report

1st April 2018 to 31st March 2019



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



Regulated by RICS



Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Ltd. It is intended to provide details of the planned expenditure for the service charge period 1st April 2018 to 31st March 2019.

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 RICS Practice Standards; Service Charges in Commercial Property; 3rd Edition, Code of Practice.

The Property

Kingston Centre is located on the outskirts of Milton Keynes at the junction of the A4146 Tongwell Street and the A421 Standing Way. Junction 14 of the M1 Motorway is approximately 2 miles to the north, with Junction 13 approximately 3 miles to the south east.

Kingston Walk is a covered shopping mall associated with the Tesco Extra superstore. The mall consists of 12 self-contained retail units, together with access into the superstore.

The communal services consist of the cleaning, lighting and maintenance of the internal parts of the mall, together with the external structure and fabric. Tesco is solely responsible for the maintenance of the structure and roof to the Superstore.

Service Charge Objectives

The objective of Johnson Fellows as Managing Agent 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 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 period.

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.

VAT

The property is elected for VAT, consequently the expenditure stated within this report is net of VAT.

Voids and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord. There are no void units at the commencement of the service charge year.



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.

Reserve Fund

There is no reserve fund.

Service Charge Apportionment

The service charge is set up under a single apportionment schedule to which all occupiers contribute. A Service Charge Apportionment Schedule is attached at Appendix A.

The apportionment percentages are calculated based on the net internal floor areas.



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.



Budget Commentary

SCHEDULE 1 – All Occupiers

All figures are shown net of VAT

- **Cleaning** **£45,000**

The cost heading is for the daily internal cleaning contract for the mall. The contract was re-tendered in advance of the new year in order to improve the services provided. The contract has been awarded to CPS. In addition to the main contract cost, the budget includes an annual internal high level clean. The total budget for the year has increased.

- **Refuse Collection** **£15,750**

The cost heading is for the annual refuse and cardboard collection contract held by Biffa. The budget is based on last year's expenditure.

- **Window Cleaning** **£3,000**

The budget provides for the window cleaning contract undertaken by Prime Shine Ltd. The contract covers the weekly cleaning of all glazing including the tenant shopfronts. The cost has been reduced for the new year following a re-tender of the contract.

- **External Repairs** **£6,000**

The budget will allow for the completion of the last phase of the essential external roof repairs. There is also a small contingency sum for any unforeseen repairs during the year.

- **Internal Repairs** **£1,000**

The budget provides a contingency sum for any ad-hoc unforeseen repairs to the mall area. It has been reduced for the new year.

- **Electricity Supply** **£2,500**

The budget figure is for the electricity consumption to the communal areas of the mall.

- **Mechanical & Electrical Maintenance** **£19,000**

The budget has been increased for the new year. The main item proposed will be the upgrading of the lighting (£12,000). The existing lighting is now obsolete. The remainder of the expenditure relates to the service contract for the automatic doors, the hiring and maintenance of the compactor for the refuse, the servicing and repair of the over door heaters and the servicing of the smoke vents.

- **Fire Prevention** **£10,000**

A new cost heading has been added for the installation of a new communal fire alarm panel. The existing arrange whereby the units are linked to Tesco's fire alarm panel is not satisfactory.



- **Health & Safety** **£1,700**

The budget provides for the annual health & safety audit and fire risk assessment for the communal areas.

- **Security** **£2,500**

This is a new cost heading for the locking and unlocking of the mall outside of Tesco's trading hours.

- **Audit Fee** **£700**

The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The cost stated covers the accountant's fee.

- **Management Fee** **£8,316**

This figure represents the costs incurred for the management of the property and administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation. The fee has been increased in line with the year on year increase in the Retail Price Index.

- **Facilities Management** **£12,994**

The cost heading is for the Facilities Manager to tender, organise and supervise all contracts, arrange periodic works, monitor performance, complete regular site inspections and ensure compliance. The fee has been increased in line with the year on year increase in the Retail Price Index.

Total

Schedule 1 **£128,460**

LANDLORD CONTRIBUTION

It has been agreed that Tesco Stores will contribute 50% of the income received from the Retail Mall Units to the service charge. This will be applied as a landlord credit at year end, following the reconciliation of the RMU income.

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Facilities Manager

Dated 12th March 2018

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Partner

Dated 12th March 2018



Appendix A

Kingston Walk, Milton Keynes

Service Charge Apportionment Schedule

1st April 2018 to 31st March 2019

Unit	Schedule	Area Sq Ft	Percentage
1	1	1,790	15.51%
2	1	736	6.38%
3A	1	348	3.01%
3C & 3D	1	348	3.01%
6	1	741	6.42%
7	1	742	6.43%
8 & 9	1	2,817	24.40%
10	1	687	5.95%
11	1	1,256	10.88%
12	1	825	7.15%
13	1	627	5.43%
14	1	627	5.43%
1 Total		11,544	100.00%



Appendix B

Kingston Walk, Milton Keynes

Service Charge Variance Schedule

1st April 2018 to 31st March 2019

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

Service Charge Item	Schedule	Budget 2017-18	Budget 2018-19
Cleaning	1	£ 40,000.00	£ 45,000.00
Refuse Collection	1	£ 14,000.00	£ 15,750.00
Window Cleaning	1	£ 3,600.00	£ 3,000.00
External Repairs	1	£ 10,000.00	£ 6,000.00
Internal Repairs	1	£ 1,500.00	£ 1,000.00
Electricity Supply	1	£ 2,500.00	£ 2,500.00
Mechanical & Electrical Maintenance	1	£ 7,900.00	£ 19,000.00
Fire Prevention	1	N/A	£ 10,000.00
Health & Safety	1	£ 1,700.00	£ 1,700.00
Security	1	N/A	£ 2,500.00
Audit Fee	1	£ 500.00	£ 700.00
Management Fee	1	£ 8,208.00	£ 8,316.00
Facilities Management	1	£ 12,500.00	£ 12,994.00
1 Total		£ 102,408.00	£ 128,460.00