



JOHNSON FELLOWS
CHARTERED SURVEYORS

Kingston Walk

Kingston Centre

Winchester Circle

Milton Keynes

MK10 0BA

Service Charge Budget Report

1st April 2023 to 31st March 2024



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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 Ltd. It is intended to provide details of the planned expenditure for the service charge period 1st April 2023 to 31st March 2024.

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 the RICS Professional Statement; Service Charges in Commercial Property - 1st Edition.

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.

Void 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:

Robert Scott
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0407
Mobile: 07540 732 602
Email: robert.scott@johnsonfellows.co.uk

Robert Scott 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
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 service charge accountant responsible for this property.



Budget Commentary

SCHEDULE 1 – All Occupiers

All figures are shown net of VAT

- **Cleaning** **£52,000**

The cost heading is for the daily internal cleaning contract for the mall. In addition to the main contract cost, the budget includes a one off deep clean of the mall and an annual internal high level clean. The total budget for the year has been maintained at the same level.

- **Refuse Collection** **£20,000**

The cost heading is for the annual refuse and cardboard collection contract held by Biffa. The budget has been increased for the new year based on the increase in contract costs.

- **Window Cleaning** **£2,000**

The budget provides for the window cleaning within the mall. It has been reduced for the new year and covers the annual high level clean, together with the ad-hoc cleaning of the lower levels.

- **External Repairs** **£4,500**

The budget allows for essential roof works, the annual gutter clean and a contingency sum for any unforeseen repairs during the year. The budget has been maintained at the same level.

- **Internal Repairs** **£12,500**

The budget has been increased for the new year based on last year's expenditure. It allows for the continued replacement of the entrance matting, together with a contingency for ongoing repairs to the mall area.

- **Electricity Supply** **£2,500**

The budget figure is for the electricity consumption to the communal areas of the mall. Despite the increase in energy costs it has been maintained at the same level having regard to last years expenditure.

- **Mechanical & Electrical Maintenance** **£22,000**

The cost heading relates to the service contract for the automatic doors & heaters, the maintenance of the compactor for the refuse and for the ongoing replacement of the overdoor heaters. Following consultation with insurers, the smoke vents to the mall have been de-commissioned. This avoids further expenditure on their maintenance. Overall the budget has been maintained at the same level.



- **Fire Prevention** **£6,000**

The cost heading allows for the weekly testing and servicing of the fire alarm for the communal areas and the weekly testing of the fire alarms within the individual unit. This second element was not implemented last year as originally anticipated. However, it is hoped that it will be put in place shortly.

- **Health & Safety** **£950**

The budget provides for the annual health & safety audit for the communal areas. It has been increased marginally to reflect last year's cost.

- **Security** **£3,200**

The cost heading is for the locking and unlocking of the mall outside of Tesco's trading hours. It has been increased slightly based on last year's expenditure.

- **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. It has been maintained at the same level.

- **Management Fee** **£10,885**

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 by 13.41% in line with the year on year increase in the Retail Price Index.

- **Facilities Management** **£17,008**

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 by 13.41% in line with the year on year increase in the Retail Price Index.

Total

Schedule 1 **£154,243**



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.

R. Scott

Paul Starbuck

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Facilities Manager

Dated 20th March 2023

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Partner

Dated 20th March 2023



Appendix A

Kingston Walk, Milton Keynes

Service Charge Apportionment Schedule

1st April 2023 to 31st March 2024

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 2022 to 31st March 2023

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

Service Charge Item	Schedule	Budget 2022-23	Budget 2023-24
Cleaning	1	£ 52,000.00	£ 52,000.00
Refuse Collection	1	£ 18,500.00	£ 20,000.00
Window Cleaning	1	£ 3,000.00	£ 2,000.00
External Repairs	1	£ 4,500.00	£ 4,500.00
Internal Repairs	1	£ 10,000.00	£ 12,500.00
Electricity Supply	1	£ 2,500.00	£ 2,500.00
Mechanical & Electrical Maintenance	1	£ 22,000.00	£ 22,000.00
Fire Prevention	1	£ 6,000.00	£ 6,000.00
Health & Safety	1	£ 900.00	£ 950.00
Security	1	£ 3,200.00	£ 3,200.00
Audit Fee	1	£ 700.00	£ 700.00
Management Fee	1	£ 9,598.00	£ 10,885.00
Facilities Management	1	£ 14,997.00	£ 17,008.00
1 Total		£ 147,895.00	£ 154,243.00