



JOHNSON FELLOWS
CHARTERED SURVEYORS

Kingston Walk

Kingston Centre

Winchester Circle

Milton Keynes

MK10 0BA

Service Charge Expenditure Report

1st April 2016 to 31st 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, Tesco Stores Ltd. It is intended to provide details of the expenditure incurred during the service charge period 1st April 2016 to 31st March 2017.

The budget for the year was set by the former managing agent, GVA. Johnson Fellows inherited this on their appointment.

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 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.

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.



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.



Expenditure Commentary

SCHEDULE 1 – All Occupiers

All figures are shown net of VAT

- **Cleaning** **£40,098.02**

The cost heading is for the daily internal cleaning contract for the mall. The expenditure also included a one off cleaning of the internal steel work and cladding. Expenditure came in marginally above budget.

- **Refuse Collection** **£18,058.04**

The expenditure heading includes the annual refuse disposal, cardboard collection and the hire of the compactor. Expenditure came in above budget.

- **Window Cleaning** **£6,412.50**

The expenditure is for the window cleaning contract within the mall. The contract covers the weekly cleaning of all glazing including the tenant shopfronts. Expenditure came in above budget.

- **Building Repairs** **£14,810.43**

The main items of expenditure for the year included repairs to the automatic mall entrance doors and repairs to the mall roof. The expenditure was in line with the budget.

- **Mechanical & Electrical** **£4,174.00**

The expenditure heading allowed for the full re-lamping of the mall. The cost was not originally budgeted for.

- **Health & Safety** **£1,100.00**

The cost relates to the provision of an independent health & safety audit and fire risk assessment. The expenditure was under budget.

- **Security** **£0.00**

The budget provided for the provision of CCTV. No expenditure was incurred due to the requirement to use funds elsewhere.

- **Interest** **-£288.40**

The heading relates to the bank interest accrued by the former managing agent. The funds have been credited to the service charge.



- **Audit Fee** **£700.00**

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 and is in accordance with the budget.

- **Management Fee** **£8,000.00**

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 is in line with the budget.

- **Facilities Management** **£12,504.22**

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 expenditure is in line with the budget.

- **Landlord Contribution** **-£16,800.00**

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.

Total

Schedule 1 **£88,768.81**

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Facilities Manager

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Partner

Dated 4th December 2018

Dated 4th December 2018



Appendix A

Kingston Walk, Milton Keynes

Service Charge Apportionment Schedule

1st April 2016 to 31st March 2017

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 2016 to 31st March 2017

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

Service Charge Item	Schedule	Budget 2016-17	Expenditure 2016-17
Cleaning	1	£ 37,000.00	£ 40,098.02
Refuse Collection	1	£ 16,000.00	£ 18,058.04
Window Cleaning	1	£ 4,000.00	£ 6,412.50
Building Repairs	1	£ 15,000.00	£ 14,810.43
Mechanical & Electrical	1	£ -	£ 4,174.00
Health & Safety	1	£ 2,500.00	£ 1,100.00
Security	1	£ 6,000.00	£ -
Interest	1	£ -	-£ 288.40
Audit Fee	1	£ 700.00	£ 700.00
Management Fee	1	£ 8,000.00	£ 8,000.00
Facilities Management	1	£ 12,500.00	£ 12,504.22
Landlord Contribution	1	-£ 21,000.00	-£ 16,800.00
1 Total		£ 80,700.00	£ 88,768.81