



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

Kingston Walk

Kingston Centre

Winchester Circle

Milton Keynes

MK10 0BA

**Service Charge Expenditure Report**

**1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019**



## **Contents**

Introduction

The Property

Service Charge Objectives

VAT

Voids and Concessions

Banking

Reserve Fund

Service Charge Apportionment

Management Team

Expenditure Commentary

## **Appendices**

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule

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 1<sup>st</sup> April 2018 to 31<sup>st</sup> 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 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 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:

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

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** **£42,456.19**

The cost heading is for the daily internal cleaning contract for the mall. The expenditure came in marginally below budget.

- **Refuse Collection** **£18,586.25**

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

- **Window Cleaning** **£3,000.00**

The expenditure is for the window cleaning contract within the mall. The contract covers the weekly cleaning of all glazing including the tenant shopfronts. The expenditure was on budget.

- **Building Repairs** **£12,259.21**

The expenditure for the year was over budget. The main items included essential roof repairs and the replacement of damaged glazing to the entranceway.

- **Internal Repairs** **£642.00**

The budget provided a contingency sum for ad-hoc repairs to the internal mall area. Minimal works were completed meaning that the expenditure was below budget.

- **Electrical Supply** **£0.00**

The budget provided for the communal electricity consumption for the mall. However, at the moment this is still being picked up by Tesco.

- **Mechanical & Electrical** **£12,608.60**

The expenditure heading allowed for the re-lamping of the mall, the maintenance contract for the automatic doors and the maintenance of the refuse compactor. The expenditure came in below budget.

- **Fire Prevention** **£14,117.79**

The budget allowed for the installation of a new communal fire alarm panel in order to separate the mall units from the Tesco store system. The expenditure came in above budget.

- **Health & Safety** **£1,125.00**

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



- **Security** **£4,101.52**

The expenditure relates to the provision of security for the unlocking and locking up of the mall on Sundays. The costs were over budget.

- **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. It was on budget.

- **Facilities Management** **£12,994.00**

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.

- **Management Fee** **£8,316.00**

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.

- **Landlord Contribution** **-£16,500.00**

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

**Total**

**Schedule 1** **£114,406.56**

.....  
Facilities Manager

.....  
Partner

Dated 20<sup>th</sup> October 2020

Dated 20<sup>th</sup> October 2020



**Appendix A**

**Kingston Walk, Milton Keynes**

**Service Charge Apportionment Schedule**

**1st April 2018 to 31st March 2019**

<b>Unit</b>	<b>Schedule</b>	<b>Area Sq Ft</b>	<b>Percentage</b>
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%
<b>1 Total</b>		<b>11,544</b>	<b>100.00%</b>



## 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.

<b>Service Charge Item</b>	<b>Schedule</b>	<b>Budget 2018-19</b>	<b>Expenditure 2018-19</b>
Cleaning	1	£ 45,000.00	£ 42,456.19
Refuse Collection	1	£ 15,750.00	£ 18,586.25
Window Cleaning	1	£ 3,000.00	£ 3,000.00
Building Repairs	1	£ 6,000.00	£ 12,259.21
Internal Repairs	1	£ 1,000.00	£ 642.00
Electrical Supply	1	£ 2,500.00	£ -
Mechanical & Electrical	1	£ 19,000.00	£ 12,608.60
Fire Prevention	1	£ 10,000.00	£ 14,117.79
Health & Safety	1	£ 1,700.00	£ 1,125.00
Security	1	£ 2,500.00	£ 4,101.52
Audit Fee	1	£ 700.00	£ 700.00
Management Fee	1	£ 8,316.00	£ 8,316.00
Facilities Management	1	£ 12,994.00	£ 12,994.00
Landlord Contribution	1	£ -	£ -16,500.00
<b>1 Total</b>		<b>£ 128,460.00</b>	<b>£ 114,406.56</b>