

Kennedy Way Shopping Centre

Immingham

DN40 2AB

Service Charge Expenditure Report

24th June 2023 to 23rd June 2024



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Introduction

Kennedy Way is the Town Centre for Immingham. The scheme has recently been subject to a multimillion-pound regeneration project including the creation of the units this service charge serves.

Retailers within Kennedy Way include B&M, Poundstretcher, Betfred, Lloyds Pharmacy, Cooplands, Natwest, Coral and Heron Frozen Foods.

This report has been produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Limited. It is intended to provide details of the actual expenditure for the service charge year ending 23rd June 2024

The Property

The premises consists of 2 retail units. It is located in Immingham town centre off Washdyke Lane. The site benefits from a front car parking facility, landscaped area and rear service yard which are maintained directly by the service charge.

Voids and Concessions

The service charge for any void lettable units or attributable to any service charge concessions is the responsibility of the Landlord.

VAT

The Landlord has elected the property for VAT.

The service charge payable by the commercial lessees will have VAT charged at the standard rate.

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 late payment of service charge by tenants is to be credited to the service charge.

There is no sinking fund or reserve fund.

Service Charge Objectives

The object of this budget report is to provide clear explanation of the planned service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency and to allow the leaseholders to budget accurately for the forthcoming year.

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



Management Team

Facilities Manager:

Robert Scott
Johnson Fellows, Charter House, 180 Newhall Street, Birmingham, B3 1SJ
Direct Dial: 0121 234 0409
Mobile: 07540 732602
Email: Robert.scott@johnsonfellows.co.uk

Robert Scott is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Angela Lindop
Johnson Fellows, Charter House, 180 Newhall Street, Birmingham, B3 1SJ
Email: angela.lindop@johnsonfellows.co.uk

Angela Lindop is responsible for the overall management of the property.

Service Charge Accountant:

Kiesha Gregory
Client Accounts
Johnson Fellows, Charter House, 180 Newhall Street, Birmingham, B3 1SJ
Email: kiesha.gregory@johnsonfellows.co.uk

Keisha Gregory is the client accountant responsible for this property.

Service Charge Apportionment

The service charge provisions are set out in each tenant's lease. These consistently provide for each tenant to pay a due proportion of the service charge which is attributable to each tenant's premises. The due proportion is based primarily on the net internal area of each property relative to the total net internal area of all 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 unit.

The service charge percentage apportionments are detailed in Appendix A.

Budget Commentary

SCHEDULE 1

All figures are shown net of VAT

- **Management Fee** **£7,552**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. This is a fixed fee, subject to annual indexation with the Retail Price Index.

- **Audit Fee** **£300**

The actual expenditure for the independent audit of the service charge accounts. This cost was on budget for the service charge year.

- **Facilities Management** **£3,492**

The actual expenditure for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. This cost was on budget for the service charge year.

- **Landlords Risk Assessment /Reviews** **£0**

There was no expenditure incurred under this cost heading during this service charge year.

- **Health and Safety** **£0**

There was no expenditure incurred under this cost heading during this service charge year.

- **Electricity Supply** **£6,057.99**

The actual expenditure recharged by Wellway Properties relating to the cost of the electricity supply for the external car park lighting. This cost was over budget and reflected the cost of new contracted rates.

- **External Cleaning** **£4,380**

The actual cost charged by Immingham Town Council for general maintenance of the car park area, weeding and litter picking. There were no additional incidents of fly tipped waste during the service charge and therefore actual costs were under budget.

- **Window Cleaning** **£0**

There was no expenditure incurred under this cost heading during the service charge year.

- **Pest Control** **£1,415.94**

The actual cost of pest control contract to attend every six weeks to re-stock the bait traps. This cost was under budget for the service charge year.

- **Snow Clearance & Gritting** **£2,794.50**

The actual expenditure of reactive winter gritting. This is triggered when the temperature falls to zero degrees Celsius or below and is advised by the Met Office. Although no specific cost heading was included in the service charge budget for this service during the year, the associated costs had been allowed for within the Car Maintenance budget heading. The cost is shown here separately for transparency.

- **Drainage** **£2, 980**

Actual expenditure related to the drainage on the car park. This cost was over budget due to a CCTV survey that was required following a sunken drainage channel. Blockages were removed and repairs made to the drainage channels.

- **Maintenance Contract** **£1403.75**

Actual expenditure related to the maintenance of mechanical and electrical items including the testing of electrical equipment on site. This cost was under budget for the service charge year.

- **External Repairs and Maintenance** **£850**

The actual expenditure for the maintenance of the external areas & ad hoc repair works. Expenditure was under budget for the service charge year.

- **Car Park Maintenance** **£0**

There was no expenditure incurred under this cost heading during the service charge year.

- **Boundary Maintenance** **£1,440**

Actual expenditure related to maintenance of the boundary. Works included removal of graffiti on brickwork and paving stones. This cost was under budget for the service charge year.

- **Service Yard Maintenance** **£0**

. There was no expenditure incurred under this cost heading during the service charge year.

- **Building Repair** **£3,370**

This represents the actual expenditure relating to ad hoc repairs. Costs exceeded the budget due to the extent of works required during the year. Works undertaken included call-outs to address leaking gutters and blockages, as well as additional repairs to the upper-level roof and associated guttering.

Total **Schedule 1** **£36,036.18**

Total expenditure for the service charge year was under budget by 27.11%

A Lindop

Management Surveyor

R. Scott

Facilities Manager

Immingham Superstore Kennedy Way Washdyke Lane S/C (02140)			
Service Charge Unit Percentages			
Recovery Group = sc			
Reconciliation Period = 24/06/2023-23/06/2024			
*Amounts in gbp			
Unit	Tenant	Days	Schedule 1
0001	Tesco Stores Ltd	366.00	56.3500
0002	T J Morris Ltd	366.00	43.6500
	Total		100.0000

Appendix B

Immingham Superstore Kennedy Way Washdyke Lane S/C (02140)					
Service Charge Budget Comparison					
Recovery Group = sc					
Reconciliation Period = 24/06/2023-23/06/2024					
*Amounts in gbp					
Code	Description	Actual (06/2024)	Budget (06/2024)	Variance	%
1	Schedule 1				
5100-0101	Management Fee	7,552.00	7,552.00	0.00	0.0000
5100-0203	S/C Audit Fees	300.00	300.00	0.00	0.0000
5100-0309	Facilities Manager	3,492.00	3,492.00	0.00	0.0000
5100-0401	Landlords risk assessments, audits & reviews	0.00	2,000.00	-2,000.00	-100.0000
5100-0402	Health & Safety	0.00	1,000.00	-1,000.00	-100.0000
5200-0501	Electricity	6,057.99	4,000.00	2,057.99	51.4498
5300-1002	External Cleaning	4,380.00	6,000.00	-1,620.00	-27.0000
5300-1003	Window cleaning	0.00	3,600.00	-3,600.00	-100.0000
5300-1007	Pest control	1,415.94	2,000.00	-584.06	-29.2030
5300-1010	Snow clearance / Gritting	2,794.50	0.00	2,794.50	
5300-1016	Drainage	2,980.00	2,000.00	980.00	49.0000
5400-1201	M&E Maintenance contract	1,403.75	4,000.00	-2,596.25	-64.9063
5400-1502	External Repairs and maintenance	850.00	4,000.00	-3,150.00	-78.7500
5400-1505	Car Park Maintenance	0.00	4,000.00	-4,000.00	-100.0000
5400-1525	Boundary Maintenance	1,440.00	2,000.00	-560.00	-28.0000
5400-1527	Service Yard Maintenance	0.00	1,000.00	-1,000.00	-100.0000
5400-1530	Building Repair	3,370.00	2,500.00	870.00	34.8000
	Schedule Total	36,036.18	49,444.00	-13,407.82	-27.1172
	Total	36,036.18	49,444.00	-13,407.82	-27.1172

TESCO STORES LTD

**KENNEDY WAY, WASHDYKE LANE
IMMINGHAM**

INDEPENDENT REVIEW

YEAR ENDED 23RD JUNE 2024



Kennedy Way, Washdyke Lane
Immingham
Certificate of Service Costs for the year ended 23rd June 2024

	2024	2023
Schedule 1		
Cleaning	4,380.00	4,380.00
Pest Control	1,415.94	1,287.20
Boundary Maintenance	1,440.00	700.00
Building Repair	3,370.00	250.00
External Repairs and Maintenance	850.00	-
Maintenance Contract	1,403.75	487.50
Gritting	2,794.50	-
Service Yard Maintenance	-	1,300.00
Drain Maintenance	2,980.00	740.00
External Maintenance	-	2,100.00
Electrical Supply	6,057.99	10,447.93
Car Park Maintenance	-	2,687.25
Health & Safety	-	341.25
Audit Fees	300.00	300.00
Management Fees	7,552.00	6,653.00
Facilities Management	3,492.00	2,950.00
	<u>36,036.18</u>	<u>34,624.13</u>
Total expenditure	<u><u>36,036.18</u></u>	<u><u>34,624.13</u></u>

No reserve fund is held for this property.

**Kennedy Way, Washdyke Lane
Immingham
Certificate of Service Costs for the year ended 23rd June 2024**

Independent Accountant's Review Report

To the Manager, Kennedy Way, Washdyke Lane, Immingham

We have reviewed the statement of service charge expenditure for the above property for the year ended 23 June 2024. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the RICS in the Code of Practice, Services Charges in Commercial Property, 1st edition.

Manager's Responsibility for the Statement of service charge expenditure

The Manager is responsible for the preparation of the statement of service charge expenditure and for such internal control as the Manager determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express a conclusion on the statement of service charge expenditure based on the procedures we have performed and the evidence we have obtained. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements (Revised). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the statement of service charge expenditure, taken as a whole, is not prepared in all material respects in accordance with the provisions of the Code of practice '*Service charges in commercial property*' issued by the RICS. ISRE 4000 (Revised) also requires us to comply with relevant ethical requirements.

A review of a statement of service charge expenditure in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others responsible for the services that comprise the service charge on this property, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures do not include review of the allocation or apportionment of service charge expenditure to occupiers.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the statement of service charge expenditure.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the statement of service charge expenditure is not prepared, in all material respects, in accordance with the provisions of the Code of Practice '*Service charges in commercial property*' issued by the RICS.

Basis of Accounting and Restriction on Distribution and Use

Our report is made in accordance with the terms of our engagement and is intended solely for the Manager to issue to current occupiers. This report should not be distributed to or used by other parties. Our work has been undertaken to enable us to make this report to the Manager and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Manager in connection with the report or this engagement.

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