



Estate Charge Budget

Commercial Phase

01 January 2021 - 31 December 2021

Total Commercial Phase Area
100.68 acres

Summary Estate Charge Expenditure Report

Kings Hill Estate Management Co Ltd - Commercial

01 January 2021 - 31 December 2021

Cost Category	Estate Charge Budget 2021	Estate Charge Budget 2020	Variance £	Variance %
MANAGEMENT				
1 Management Fees	53,323.00	42,465.00	10,858.00	25.57%
2 Accounting Fees	9,356.35	10,312.74	(956.39)	(9.27%)
3 Site Management Resources	31,592.70	30,852.77	739.93	2.40%
4 Health, Safety and Environmental	-	-	-	-
Sub Total	94,272.06	83,630.51	10,641.54	12.72%
UTILITIES				
5 Electricity	4,191.10	4,406.00	(214.90)	(4.88%)
6 Gas	-	-	-	-
7 Fuel Oil (Heating)	-	-	-	-
8 Water	1,507.50	1,630.00	(122.50)	(7.52%)
Sub Total	5,698.60	6,036.00	(337.40)	(5.59%)
SOFT SERVICES				
9 Security	289,659.31	284,553.64	5,105.67	1.79%
10 Cleaning & Environmental	285,178.71	273,848.98	11,329.73	4.14%
11 Marketing & Promotions	-	-	-	-
Sub Total	574,838.02	558,402.62	16,435.40	2.94%
HARD SERVICES				
12 Mechanical & Electrical Services	-	-	-	-
13 Lifts & Escalators	-	-	-	-
14 Suspended Access Equipment	-	-	-	-
15 Fabric Repairs & Maintenance	48,204.81	46,380.43	1,824.38	3.93%
Sub Total	48,204.81	46,380.43	1,824.38	3.93%
INCOME				
16 Interest	(554.04)	(954.00)	399.96	(41.92%)
17 Income from Commercialisation	(153.30)	(146.00)	(7.30)	5.00%
Sub Total	(707.34)	(1,100.00)	392.66	(35.70%)
INSURANCE				
18 Engineering Insurance	-	-	-	-
19 All Risks Insurance Cover	19,000.00	13,190.00	5,810.00	44.05%
20 Terrorism Insurance	-	-	-	-
Sub Total	19,000.00	13,190.00	5,810.00	44.05%
EXCEPTIONAL EXPENDITURE				
21 Major Works	119,500.00	269,500.00	(150,000.00)	(55.66%)
22 Forward Funding	-	-	-	-
Sub Total	119,500.00	269,500.00	(150,000.00)	(55.66%)
Total Before Transfer In From Reserves	860,806.15	976,039.57	(115,233.42)	(11.81%)
TRANSFER IN FROM RESERVES	(50,000.00)	(125,000.00)		
Total Budget	810,806.15	851,039.57		

Apportionment Schedule

Kings Hill Estate Management Co Ltd - Commercial

01 January 2021 - 31 December 2021

Apportionment

The estate management costs are apportioned using the site acreage of each property including its car park and curtilage. A full apportionment schedule for the commercial phase of the estate is detailed below.

Building	Building Acreage	Percentage Chargeable %	Annual Charge £	Quarterly Charge £
1 Abbey Wood Road	2.16	2.15%	16,084.12	4,021.03
2 Abbey Wood Road	2.00	1.99%	14,892.70	3,723.18
4 Abbey Wood Road	3.64	3.62%	27,104.72	6,776.18
8 Abbey Wood Road	1.50	1.49%	11,169.53	2,792.38
6 Alexander Grove	2.60	2.58%	19,360.51	4,840.13
Churchill Square	10.16	10.09%	75,654.92	18,913.73
50 Gibson Drive	1.48	1.47%	11,020.60	2,755.15
60 Gibson Drive	0.85	0.84%	6,329.40	1,582.35
70 Gibson Drive	0.70	0.70%	5,212.45	1,303.11
1 Jubilee Way	6.00	5.96%	44,678.10	11,169.53
1 Kings Hill Avenue	4.46	4.43%	33,210.72	8,302.68
2 Kings Hill Avenue	3.44	3.42%	25,615.45	6,403.86
10 Kings Hill Avenue	3.36	3.34%	25,019.74	6,254.93
17 Kings Hill Avenue	3.21	3.19%	23,902.79	5,975.70
18 Kings Hill Avenue	3.53	3.51%	26,285.62	6,571.40
21 Kings Hill Avenue	4.99	4.96%	37,157.29	9,289.32
23 Kings Hill Avenue	1.20	1.19%	8,935.62	2,233.91
25 Kings Hill Avenue	3.25	3.23%	24,200.64	6,050.16
26 Kings Hill Avenue	2.82	2.80%	20,998.71	5,249.68
30 Kings Hill Avenue	3.73	3.70%	27,774.89	6,943.72
35 Kings Hill Avenue	2.44	2.42%	18,169.10	4,542.27
39 Kings Hill Avenue	1.83	1.82%	13,626.82	3,406.71
42 Kings Hill Avenue	4.60	4.57%	34,253.21	8,563.30
50 Kings Hill Avenue	4.19	4.16%	31,200.21	7,800.05
1 Tower View	5.05	5.02%	37,604.07	9,401.02
11 Tower View	4.98	4.95%	37,082.83	9,270.71
30 Tower View	4.37	4.34%	32,540.55	8,135.14
32 Tower View	3.52	3.50%	26,211.15	6,552.79
34 Tower View	2.10	2.09%	15,637.34	3,909.33
Area 14	2.52	2.50%	18,757.36	4,689.34
Developer Contribution	-		61,115.00	15,278.75
	100.68	100.00%	810,806.15	202,701.54

Detailed Expenditure Report

Kings Hill Estate Management Co Ltd - Commercial

01 January 2021 - 31 December 2021

Cost Category	Estate Charge Budget 2021 £	Estate Charge Budget 2020 £	Variance £	Variance %
MANAGEMENT				
1 Management Fees				
Management fees	53,323.00	42,465.00	10,858.00	25.57%
2 Accounting Fees				
Audit fees	9,356.35	10,312.74	(956.39)	(9.27%)
3 Site Management Resources				
Staff costs	3,355.94	3,650.00	(294.06)	(8.06%)
Office costs	28,236.76	27,202.77	1,033.99	3.80%
4 Health, Safety and Environmental				
-	-	-	-	-
Sub Total	94,272.06	83,630.51	10,641.54	12.72%
UTILITIES				
5 Electricity				
Electricity	4,191.10	4,406.00	(214.90)	(4.88%)
6 Gas				
-	-	-	-	-
7 Fuel Oil (Heating)				
-	-	-	-	-
8 Water				
Water	1,507.50	1,630.00	(122.50)	(7.52%)
Sub Total	5,698.60	6,036.00	(337.40)	(5.59%)
SOFT SERVICES				
9 Security				
Security guarding	284,513.70	279,444.51	5,069.19	1.81%
Security systems	5,145.61	5,109.13	36.48	0.71%
10 Cleaning & Environmental				
External cleaning	43,936.10	50,069.86	(6,133.76)	(12.25%)
Waste management	20,696.46	23,732.86	(3,036.40)	(12.79%)
External landscaping	220,546.15	200,046.26	20,499.89	10.25%
11 Marketing & Promotions				
-	-	-	-	-
Sub Total	574,838.02	558,402.62	16,435.40	2.94%
HARD SERVICES				
12 Mechanical & Electrical Services				
-	-	-	-	-
13 Lift & Escalators				
-	-	-	-	-
14 Suspended Access Equipment				
-	-	-	-	-
15 Fabric Repairs & Maintenance				
External repairs & maintenance	48,204.81	46,380.43	1,824.38	3.93%
Sub Total	48,204.81	46,380.43	1,824.38	3.93%
INCOME				
16 Interest				
Interest	(554.04)	(954.00)	399.96	(41.92%)
17 Income from Commercialisation				
-	(153.30)	(146.00)	(7.30)	5.00%
Sub Total	(707.34)	(1,100.00)	392.66	(35.70%)
INSURANCE				
18 Engineering Insurance				
-	-	-	-	-
19 All Risks Insurance Cover				
Property insurance	19,000.00	13,190.00	5,810.00	44.05%
20 Terrorism Insurance				
-	-	-	-	-
Sub Total	19,000.00	13,190.00	5,810.00	44.05%

Detailed Expenditure Report

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01 January 2021 - 31 December 2021

Cost Category	Estate Charge Budget 2021 £	Estate Charge Budget 2020 £	Variance £	Variance %
EXCEPTIONAL EXPENDITURE				
21 Major Works				
Street light painting minor works (plus CCTV columns)	-	30000	(30,000.00)	(100.00%)
Bus Shelter Tower View	-	10000	(10,000.00)	(100.00%)
Tree management	7,000.00	7000	-	-
Upgrade deck area and sign A228 V Board	-	1500	(1,500.00)	(100.00%)
Gibson Drive bollard lighting	-	15000	(15,000.00)	(100.00%)
KHEM Store	-	6000	(6,000.00)	(100.00%)
Tower View road resurface	-	200000	(200,000.00)	(100.00%)
Replace street lights at Tower View entrance for LED	70,000.00		70,000.00	100.00%
Street light conversion	35,000.00		35,000.00	100.00%
Upgrading CCTV Cameras	7,500.00		7,500.00	100.00%
22 Forward Funding	-	-	-	-
Sub Total	<u>119,500.00</u>	<u>269,500.00</u>	<u>(150,000.00)</u>	<u>(55.66%)</u>
Total Before Transfer In From Reserves	<u>860,806.15</u>	<u>976,039.57</u>	<u>(115,233.42)</u>	<u>(11.81%)</u>
TRANSFER IN FROM RESERVES	(50,000.00)	(125,000.00)		
Total Budget	<u>810,806.15</u>	<u>851,039.57</u>		

Kings Hill Estate Management Co Ltd - Commercial

Explanatory Notes - Commercial

Management

Management Fees

As the company has no direct employees, management fees are an apportionment of salaries of the parent company, Liberty Property Trust UK Ltd. They are based on a forecast of time spent managing and administering the various contracts for estate services, dealing with landlord or tenant queries and other legal or administrative issues on behalf of the company.

Accounting Fees

Kings Hill Estate Management Company Ltd requires a yearly audit and also has to file a tax return (even though it is a "not for profit" company). In addition, Companies House requires accounts to be filed using "IXBRL tagging" the auditors, Cooper Parry, carry out this work for the company.

Site Management Resources

Staff costs are mainly the costs of the estate vehicles including leasing costs, petrol, insurance, and maintenance (note - no salaries, as they are covered by the management fee as discussed above). Also included is an allowance for staff uniforms.

Office costs are mainly a recharge of office running costs from Liberty Property Trust UK Ltd, and are allocated based on the time spent by employees on estate management matters. The company also has a small amount of its own direct costs for items such as mobile phones, bank charges etc. Also included within this heading are any legal costs incurred by the company in responding to landlord or tenant issues or other items connected with the Deeds of Covenant.

Utilities

Electricity

The cost of electricity is for powering the street lights within the commercial area. An energy consultant is appointed to secure the best possible contracts on the market, negotiate the most competitive prices with various energy suppliers and to monitor the consumption, advising on any cost saving initiatives.

Water

Water is required for irrigation of the landscaping. Water prices are set in a highly regulated market that is not open to competition. These costs are monitored to ensure that any significantly high consumption is investigated in a timely manner.

Soft Services

Security

The estate benefits from 24 hour security with two guards on patrol at all times, and an additional car park attendant throughout the week. Also included within this heading are the hire costs of the radio system, the Ofcom licence for the radios and the planned maintenance of the CCTV cameras.

Cleaning and Environmental

The landscaping of Kings Hill is maintained to a high standard and economies of scale are achieved by using the same team that looks after the curtilage of many of the commercial buildings. The roads are swept on a monthly basis with gullies also cleaned regularly. Street furniture (e.g. bus shelters) and sculptures are also cleaned frequently.

Litter picking is carried out daily across the commercial estate, and canine bins are emptied. Regular collections of waste and recyclable materials are made and green waste is also collected and processed separately.

Hard Services

Fabric Repairs & Maintenance

This includes maintenance and repairs to the street lights. The maintenance contract is a fully comprehensive contract which is inclusive of day and night patrolling, replacement components such as lamps, igniters and fuses and maintenance of health and safety requirements.

Income

Interest

Interest income is earned on any cash balances held by the company and credited to the estate charge account.

Income from commercialisation

There will be a small amount of income from event licences and interest for late payment of invoices.

Exceptional Expenditure

Major Works

In order to maintain the high quality environment at Kings Hill, these items are exceptional works that are not included as part of the day to day maintenance and are considered as special projects, required to maintain the aesthetics or fundamental infrastructure of the estate.

Forward Funding

No forward funding.

Notes on accounts

VAT

All estate expenditure is shown exclusive of VAT however, VAT is charged at the appropriate rate on all estate charges invoiced to tenants.

Kings Hill Estate Management Co Ltd - Commercial

Variance Commentary - Commercial

The overall service charge budget for the year 1 January 2021 - 31 December 2021 shows a decrease of 11.81% compared with the budget for the previous year ending 31 December 2020. There are a range of variances contained within the summary schedule, the major financial variances are explained as follows:

Service	Variance	Reason
Management Fees	£10,858.00	The management fee allocation has been reviewed and are now being fixed when the budget is created. The reviewed found that senior management were not allocating the correct amount of time to the estate companies in previous years. This is why the budgeted expense for 2021 is higher than the budgeted expense for 2020. The management fee is 7% of costs, which is still very good value.
Accounting Fees	(£956.39)	The accounting costs have decreased compared to 2020 budget. This is because the apportionments have been reviewed following the sale of all remaining commercial development land.
Site Management Resources	£739.93	Office cost proportions have increased in line with increased time estimated that estate staff will spend managing the estate area.
Electricity	(£214.90)	The energy consultant has conducted a site wide review of costs, which has resulted in a reduction in budgeted costs.
Water	(£122.50)	There is no major change anticipated in water costs during 2021, therefore the budget is based on actual costs during 2020 which has resulted in a decrease in the 2021 budgeted costs.
Security	£5,105.67	The increase in security costs is due to an increase in the proportion of the 24/7 security costs being attributable to the commercial area. The Developer has made a contribution to security for the development sites at Kings Hill while there was development land remaining, however all of these areas have been sold, therefore it has been necessary to review the cost allocation which has resulted in this increase in the budgeted amount.
Cleaning & Environmental	£11,329.73	Kings Hill Estate Management Company has benefitted from an onsite compound for the landscaping team to use as a base which includes welfare provision. It is expected that this area will be developed for residential homes during 2021 and therefore the compound site will need to be moved offsite. This will result in an increase in costs to fulfil the maintenance of the landscaped areas, as plant and equipment will have to be brought on to site when required.
Fabric Repairs & Maintenance	£1,824.38	The increase is due to a higher allocation for repairs to manholes and replacement white lines to ensure the roads are safe and well maintained.
Interest	£399.96	The interest income budgeted has decreased compared to 2020 due to the reduction in bank reserves and the current interest rates.
All Risks Insurance Cover	£5,810.00	2020 saw a large increase in insurance premiums which we underestimated in our 2020 budget. This will show in the reconciliation to actuals for 2020. 2021 budget is in line with 2020 actual costs.
Major Works	(£150,000.00)	Major works will vary year to year, however the budgeted cost for 2021 is lower than the budget for 2020. A detailed list of the planned works for 2021 can be seen in the detailed expenditure report enclosed.