

SERVICE CHARGE

2022

C&R

CAPITAL &
REGIONAL

SERVICE CHARGE MANAGEMENT POLICIES

Capital & Regional endeavours and make best efforts to deliver a service charge that is in line with best practice guidelines in conjunction with lease compliance. We strive to achieve clear transparency, the timeliness of reporting and handle all matters with a duty of care to all occupiers in accordance with our policies detailed in this report.

Should retailers have any concerns or observations in relation to actions and/or behaviour of the management team, please use the contact details shown in the individual property reports regularly issued.

PROCUREMENT POLICIES

Capital & Regional have a robust procurement process, the purpose being to achieve greater cost-effectiveness, value for money and best in class service provision for our retail customers and guests visiting our schemes. We endeavour to market test every major contract at least every 3 years for the key service provisions.

Initial research identifies suitable service providers based on their track record, skill and experience, who are then carefully vetted to ensure we engage with market leaders and best in class service providers. Any formal Invitation To Tender (ITT) documentation includes clear objectives, pricing structure and timelines. In addition, all bidders shortlisted are subject to financial stability checks, and are scrutinised for appropriate indemnity for the relevant services, including responsible business ethics in relation to the environment, diversity/equality, Modern Slavery Act and health and safety compliance.

Each contract performance is then measured and reviewed on a regular basis against defined key performance criteria to ensure standards are maintained.

All tender documentation is available for review onsite by prior appointment.

ENERGY PERFORMANCE CERTIFICATES (EPC'S)

The cost of EPC's is covered by Capital & Regional and not recovered through the service charge.

SERVICE CHARGE ACCOUNTING PRINCIPLES

Accruals

The service charge accounts are currently prepared on an accruals basis rather than a cash-basis.

Insurance claims

In the event of an insured risk and subsequent insurance claim, associated costs are charged to the service charge. Where confirmation has been received from insurers that costs and claims will be settled, the relevant income is credited and included in the service charge accounts.

Landlord Funding

Where forward funding may be required as a result of major works, Capital & Regional will consider the lease obligations. This will be reviewed on a case by case basis with due consideration towards financial costs and controls.

VAT

Capital & Regional has elected to waive the exemption from VAT on their properties. Therefore, all service charge expenditure is reported exclusive of VAT. VAT will be charged at the appropriate rate on all service charge payments demanded/invoiced by Capital & Regional.

Sinking fund/reserve fund

Capital & Regional do not currently maintain any sinking or reserve funds, but reserves its right to do so in accordance with lease terms agreed.

Banking

All service charge monies collected are held in a dedicated bank account, and all service charge expenditure is paid out of this account. It is our policy not to apply interest to on-account service charge contributions. However, we do not apply any of our bank charges back to the service charge.

MARKETING & PROMOTIONS/ EVENTS & ENTERTAINMENT POLICY

The budget has been broken down to determine those costs relating to activities inside the centre and outside the centre. Those activities which are performed outside the centre are designed to reach out and further penetrate the existing and outside catchment to increase footfall and new visits. Such activities could include (but are not limited to) radio and newspaper advertisements and surveys outside the scheme. This activity outside of the centre is referred to as costs above the line. It is acknowledged that there is a joint benefit to the Landlord for marketing and promotional activity above the line and we have determined that this will be a 50/50 cost.

Those activities which are performed inside the centre are designed to promote existing retailers and increase dwell time and spend. These are classed as events and entertainment and incorporate the costs to operate appropriate amenities and facilities and the cost of running events in the common parts in line with the retail calendar (Easter, Mothering Sunday, Valentine's Day, Christmas etc). These activities inside the centre are referred to as costs below the line. These costs are service charge recoverable.

The treatment of this policy may vary in application as lease terms dictate.

MISCELLANEOUS INCOME POLICIES

Capital & Regional contribute a sum which is credited to the service charge to reflect the benefit of the services enjoyed by the RMU operators and use of promotional space. The sum applied is our reasonable estimate.

The landlord credits to the service charge any income achieved from services offered to retail customers such as photocopying and faxing at the Guest Services Desk.