



Kings Hill Residential Estate Management Company Ltd

Residential Estate Charge Budget

01 January 2015 - 31 December 2015

Kings Hill Residential Estate Management Company Ltd

Contact List & Useful Information

Contact List

Invoice Payment Queries	Claire O'Reilly	01732 223436
	Michael Maynard	01732 223411
Estate Queries	Susan Davies	01732 223418
Email	kingshillresidential@libertyproperty.com	This mailbox is monitored by all members of the KHREMC team, and as such queries will be dealt with by the appropriate member of staff. If contacting KHREMC Ltd by email, you should expect a response within 3 working days.
Website	http://www.kings-hill.com/	

Frequently Asked Questions (FAQ)

Why am I receiving an invoice from KHREMC and why do I have to pay estate charge?

KHREMC are responsible for the ongoing maintenance of the majority of the communal residential areas at Kings Hill, and residents of these areas are required to contribute towards the cost of this upkeep. On the completion of your property purchase, you will have signed a Deed of Covenant which sets out your obligation to pay the annual estate charge. The estate charge is capped by the increase in the Retail Price Index, but may be set lower than the maximum permitted, if agreed by the Company's directors.

What does my annual estate charge cover?

The purpose of this estate charge pack is to explain each aspect of the core services provided for the residential estate throughout the forthcoming year. The budget detail page provides a breakdown of specific services, and the associated cost in providing them.

How can I pay this year's fee?

There are various ways that you can pay this fee. If we have any direct debit details set up for you, this will be indicated on your invoice along with the date that payment will be debited in full. If we do not have your details and you wish to pay by direct debit then please contact Claire O'Reilly (contact details above) who will supply you with a Direct Debit mandate and set up a payment for the collection of your charges. Alternatively you can pay by bank transfer directly into our account (account no. 90260363, sort code 20-54-11), pay by cheque (cheque made payable to KHREMC Ltd), or you can pay by cash by visiting our office.

I have a question concerning the residential estate, who do I contact?

Please contact Susan Davies (contact details above) who will be able to answer questions or enquiries regarding issues you may have with the estate management.

I already pay service charges to other companies, why the extra one?

As stated previously, there is a contractual obligation to pay Kings Hill Residential Estate Management Co Ltd (KHREMC Ltd) for the maintenance of **communal estate areas**. You may also pay a service charge for the immediate areas near your home if a management company was set up by the original house builder who developed your property. These charges are totally separate from KHREMC Ltd, and there is no doubling up of services.

Residential Estate Charge

Explanatory Notes

Management

Management Fees

The company has no direct employees and the management fees are an apportionment of salaries of Liberty Property Trust UK Ltd, based on employees' time spent managing and administering the estate charge.

Accounting Fees

The financial statements of Kings Hill Residential Estate Management Company Ltd are audited annually, along with the preparation and submission of tax returns.

Site Management Resources

These costs relate to office and administrative expenses incurred in running the company. These include postage, stationery, and an allocation of overhead costs such as rent, rates and utility costs recharged from Liberty Property Trust UK Ltd.

Utilities

Electricity

An energy consultant, Control Energy Costs (CEC) is appointed to secure the best possible contracts on the market, negotiate the most competitive prices with various energy suppliers and monitor the consumption, advising on any cost saving initiatives. The electricity supplies for the residential estate serve the ball park, the Guardian sculpture and pedestrian footpaths on Braeburn Way. The consultancy contract was tendered to ensure that we are obtaining energy in the most cost efficient manner and CEC were selected to continue to procure our energy, we believed they offered the most cost efficient, risk adverse and appropriate service for the company.

Soft Services

Security

In early 2015 the installation of the automatic number plate recognition system (ANPR) will be completed, which will provide an effective crime deterrent across the estate. The ANPR system will be monitored and administered by Kent Police. The company also makes provision to contribute towards the cost of police initiatives for tackling speed and parking throughout the development. In addition a private security firm also monitors parking on some of the un-adopted residential roads. The servicing costs for the speed indicator device which is used to monitor speed of vehicles on residential roads is also included in this category.

Cleaning and Environmental

Daily litter picking (Monday - Friday) is carried out across the residential estate, and all site furniture such as bus shelters and benches are cleaned regularly. All of the communal landscaping including mowing, weeding, pruning and the replanting of any failed items within the estate is included within this category. Also included is a contingency for winter gritting and the appropriate snow clearing on the residential roads. The dog bins are serviced and contents disposed of at least once a week.

Hard Services

Mechanical & Electrical Services

Maintenance of residential street lighting on unadopted roads includes inspections and any resulting maintenance or re-lamping. The contract is an all-inclusive one such that any re-lamping costs are met within the fixed price contract. A contingency for other repairs is also included.

Residential Estate Charge

Explanatory Notes

Fabric Repairs & Maintenance

Included in this category is the maintenance of playground equipment across five different areas, including the ball park and tennis courts (Gibson Drive, Tiffen Way, Emerald Walk, Melrose Avenue and the new playground Waterloo Walk to be introduced in 2015). Weekly visual inspections are undertaken for safety purposes with more detailed independent monthly and quarterly inspections carried out so that any planned or reactive repairs are identified and ordered. An annual, independent inspection is also carried out to ensure the safety of any equipment in the play areas. This category also includes a provision for the repair to the bus shelters on the residential estate.

Income

Bank Interest

Any interest earned on the company's bank account is credited to the estate charge account.

Insurance

All Risks Insurance Cover

The insurance cover is for public and property owner's liability.

Exceptional Expenditure

Major Works

In order to continue to improve the area, items of exceptional expenditure have been included in the budget. The items planned for this year can be found on the detailed page of this pack.

Forward Funding

Any additional fees received over and above expenditure incurred are held in a reserve, to ensure Kings Hill is maintained to a high standard in the future and, to alleviate the impact of any upcoming major works which are anticipated as the estate ages. Whilst the estate is fairly young and development is on-going, maintenance and repair costs are lower and some costs are often met by the developer, however, it is anticipated that as the estate ages in the coming years, the reserve will be required as works of a more major nature may be needed.

Notes on accounts

VAT

All estate charge expenditure is shown exclusive of VAT, however, the developer has elected to waive the exemption from Value Added Tax (also known as an Option to Tax). VAT will therefore be charged at the appropriate rate on all estate charges invoiced to residents.

Summary Estate Expenditure Report

Kings Hill Residential Estate Management Company Ltd

01 January 2015 - 31 December 2015

Cost Category	Estate Charge Budget 2015 £	Estate Charge Budget 2014 £	Variance £	Variance %
MANAGEMENT				
1 Management Fees	52,003.24	43,576.12	8,427.12	19.34%
2 Accounting Fees	11,017.00	9,933.24	1,083.76	10.91%
3 Site Management Resources	38,040.76	33,132.72	4,908.04	14.81%
4 Health, Safety & Environmental	-	-	-	-
Sub Total	101,061.00	86,642.08	14,418.92	16.64%
UTILITIES				
5 Electricity	1,708.20	1,211.80	496.40	40.96%
Sub Total	1,708.20	1,211.80	496.40	40.96%
SOFT SERVICES				
6 Security	16,304.61	18,648.40	(2,343.79)	(12.57%)
7 Cleaning & Environmental	278,119.38	242,918.25	35,201.13	14.49%
Sub Total	294,423.98	261,566.65	32,857.33	12.56%
HARD SERVICES				
8 Mechanical & Electrical Services	12,335.00	13,236.60	(901.60)	(6.81%)
9 Fabric Repairs & Maintenance	26,073.60	37,057.60	(10,984.00)	(29.64%)
Sub Total	38,408.60	50,294.20	(11,885.60)	(23.63%)
INCOME				
10 Interest	(2,655.53)	(1,418.59)	(1,236.93)	87.19%
Sub Total	(2,655.53)	(1,418.59)	(1,236.93)	87.19%
INSURANCE				
11 All Risks Insurance Cover	12,303.90	9,100.00	3,203.90	35.21%
Sub Total	12,303.90	9,100.00	3,203.90	35.21%
EXCEPTIONAL EXPENDITURE				
12 Major Works	42,082.13	38,166.60	3,915.53	10.26%
Sub Total	42,082.13	38,166.60	3,915.53	10.26%
TOTAL WORKS	487,332.29	445,562.74	41,769.55	9.37%
FORWARD FUNDING				
13 Estate Expenditure Reserve	38,507.71	43,878.09	(5,370.38)	(12.24%)
Sub Total	38,507.71	43,878.09	(5,370.38)	(12.24%)
TOTAL 2015 BUDGET	525,840.00	489,440.83	36,399.17	7.44%

Detailed Expenditure Report

Kings Hill Residential Estate Management Company Ltd

01 January 2015 - 31 December 2015

Cost Category	Estate Charge Budget 2015 £	Estate Charge Budget 2014 £	Variance £	Variance %
MANAGEMENT				
1 Management Fees				
Salary recharges	52,003.24	43,576.12	8,427.12	19.34%
2 Accounting Fees				
Audit fees	4,480.00	4,350.00	130.00	2.99%
Tax fees	4,400.00	4,300.00	100.00	2.33%
IXBRL tagging	500.00	550.00	(50.00)	(9.09%)
Sage accounts support	1,397.00	673.24	723.76	107.50%
Sage pay fee	180.00	-	180.00	100.00%
Information Commissioners office fee	35.00	35.00	-	-
Bank audit letter	25.00	25.00	-	-
Other miscellaneous	-	-	-	-
3 Site Management Resources				
Office costs recharged	27,858.33	20,031.22	7,827.11	39.07%
Postage	1,664.96	1,574.50	90.46	5.75%
Printing & stationery	1,055.00	1,445.00	(390.00)	(26.99%)
Financing fees	782.47	700.00	82.47	11.78%
Legal advice	6,680.00	9,382.00	(2,702.00)	(28.80%)
4 Health, Safety & Environmental Mgt				
Health and safety report - greenways	-	-	-	-
Sub Total	101,061.00	86,642.08	14,418.92	16.64%
UTILITIES				
5 Electricity				
Electricity	1,708.20	1,211.80	496.40	40.96%
Sub Total	1,708.20	1,211.80	496.40	40.96%
SOFT SERVICES				
6 Security				
Police parking initiatives	-	5,040.00	(5,040.00)	(100.00%)
Parking patrols	4,802.48	4,802.40	0.08	0.00%
ANPR camera phone line	1,600.00	400.00	1,200.00	300.00%
ANPR camera support and maintenance	1,250.00	-	1,250.00	100.00%
CCTV Maintenance costs	278.13	-	278.13	100.00%
Speed awareness patrols	5,000.00	5,040.00	(40.00)	(0.79%)
Mobile speed camera bases	120.00	112.00	8.00	7.14%
Mobile speed camera moving & battery change	3,254.00	3,254.00	-	-
7 Cleaning & Environmental				
Gully cleaning	1,980.00	1,980.00	-	-
Estate road sweeping	960.00	960.00	-	-
Litter picking	22,723.80	22,723.80	-	-
Litter picking vehicle	2,922.69	2,650.94	271.75	10.25%
Litter picker radio communication	192.36	192.36	-	-
Contingency for fly tipping	1,000.00	1,000.00	-	-
Dog bin clearing & maintenance	21,780.58	9,591.10	12,189.48	127.09%
Jetwash roundabouts	1,232.93	1,232.93	-	-
External landscaping	192,508.70	173,560.80	18,947.90	10.92%
Green waste removal	14,650.00	5,775.00	8,875.00	153.68%
Landscaping consultancy	10,193.32	15,551.32	(5,358.00)	(34.45%)
Snow clearing / gritting	7,700.00	7,700.00	-	-
Pest control	275.00	-	275.00	100.00%
Sub Total	294,423.98	261,566.65	32,857.33	12.56%

Detailed Expenditure Report

Kings Hill Residential Estate Management Company Ltd

01 January 2015 - 31 December 2015

Cost Category	Estate Charge Budget 2015 £	Estate Charge Budget 2014 £	Variance £	Variance %
HARD SERVICES				
8 Mechanical & Electrical Services				
Street light maintenance	12,335.00	13,236.60	(901.60)	(6.81%)
9 Fabric Repairs & Maintenance				
Melrose Avenue play area	2,295.00	1,595.00	700.00	43.89%
Gibson Drive play area	3,906.00	2,481.00	1,425.00	57.44%
Gibson Drive ball parks	1,534.60	552.60	982.00	177.71%
Tiffen Way play area	1,770.00	1,520.00	250.00	16.45%
Emerald Walk play area	2,559.00	1,309.00	1,250.00	95.49%
Waterloo Walk play area	1,559.00	-	1,559.00	100.00%
External repairs & maintenance	12,450.00	29,600.00	(17,150.00)	(57.94%)
Sub Total	38,408.60	50,294.20	(11,885.60)	(23.63%)
INCOME				
10 Interest				
Interest Income	(3,355.00)	(1,716.68)	(1,638.32)	95.44%
Taxation	699.48	298.09	401.39	134.65%
Sub Total	(2,655.53)	(1,418.59)	(1,236.93)	87.19%
INSURANCE				
11 All Risks Insurance Cover				
Public and property owner's liability	12,303.90	9,100.00	3,203.90	35.21%
Sub Total	12,303.90	9,100.00	3,203.90	35.21%
EXCEPTIONAL EXPENDITURE				
12 Major Works				
White lining of roads	1,000.00	-	1,000.00	100.00%
Gibson Drive play area upgrade	10,000.00	-	10,000.00	100.00%
Youth pod camera to deter vandalism	5,000.00	-	5,000.00	100.00%
Play equipment - youth pod	8,000.00	-	8,000.00	100.00%
Repairs to residential section of Queen Street	17,000.00	-	17,000.00	100.00%
Replacement cost of the recording device	1,082.13	-	-	-
2014 major works	-	38,166.60	(38,166.60)	(100.00%)
Sub Total	42,082.13	38,166.60	3,915.53	10.26%
TOTAL WORKS	487,332.29	445,562.74	41,769.55	9.37%
FORWARD FUNDING				
13 Estate expenditure reserve				
Estate expenditure reserve	38,507.71	43,878.09	(5,370.38)	(12.24%)
Sub Total	38,507.71	43,878.09	(5,370.38)	(12.24%)
TOTAL 2015 BUDGET	525,840.00	489,440.83	36,399.17	7.44%

Residential Estate Charge

Summary of Variances - 2014 Budget to 2015 Budget

The overall estate charge budget for the year 1 January 2015 - 31 December 2015 shows an increase of 9.37% compared with the budget for the previous year ending 31 December 2014. There are a range of positive and negative variances contained within the summary schedule, the financial variances are explained as follows:

Service	Variance	Reason
Management Fees	£8,427.12	The apportionment of salaries from Liberty Property Trust UK Ltd, was under budgeted in 2014. Following a review of the actual time spent managing and administering the various estate services, it was necessary to increase the fee for 2015 to be more in line with the actual expenditure incurred in 2014. These salaries are apportioned based on actual time spent by staff dealing with residential estate management issues.
Accounting Fees	£1,083.76	Accounting fees have increased in 2015. This relates to an increase in the annual maintenance support fee and cost of the new and improved accounting software installed in 2013. KHREMC will be using software called Sage Pay, which will enable us to take card payments over the phone. The introduction of Sage Pay has contributed towards the total increase of accounting fees in 2015.
Site Management Resources	£4,908.04	As with management fees, the overheads charge for 2014 was under budgeted as it is based on the allocation of staff time.
Electricity	£496.40	Electricity costs for the 2015 budget were based on actual expenditure in 2014. The actual expenditure in 2014 was higher than expected, therefore, a higher allowance was made in the budget for 2015.
Security	(£2,343.79)	This reduction is a result of KHREMC not utilising the budget for police parking initiatives provided by Kent Police. Kent Police have not been able to assist KHREMC to enforce parking initiatives, however we will continue to search for innovative parking initiatives.
Cleaning & Environmental	£35,201.13	This is partly due to an increase in the areas of completed landscaping within the residential areas. Additionally, as the landscaping matures more time is spent maintaining the planting which also generates an increased volume of green waste to be recycled. In 2014 there was an increase in the number of dog bins on the estate, however the 2014 budget had not accounted for this increase. This has now been reflected in the 2015 budget, along with the forecasted increase for the year.
Mechanical & Electrical Services	(£901.60)	The 2015 budget has reduced as a result of adhoc street light maintenance contingencies for new areas that are no longer needed.
Fabric Repairs & Maintenance	(£10,984.00)	KHREMC had an allowance in the 2014 budget for the supply and installation of wooden posts across the estate. The allowance for these was utilised in 2014, therefore, an allowance is no longer required.
Interest	(£1,236.93)	Due to effective credit control procedures bank interest income is predicted to be higher than budgeted in 2014.
All Risks Insurance Cover	£3,203.90	The 2014 budget did not include an additional public liability insurance for unadopted residential areas across the estate, however, this additional insurance has now been accounted for in the 2015 budget. In addition to the budgeted allowance for 2015, an increase of 5% has been forecasted.
Major Works	£3,915.53	Major works vary from year to year depending on the projects identified.

Expenditure Variance Report

Kings Hill Residential Estate Management Company Ltd

01 January 2014 - 31 December 2014

Cost Category	2013 Estate Charge Actual	2014 Estate Charge Budget	2014 Estate Charge Actual	2014 Actual v 2014 Budget	2013 Actual v 2014 Actual
MANAGEMENT					
1 Management Fees	44,930.47	43,576.12	53,417.92	22.59%	18.89%
2 Accounting Fees	10,270.84	9,933.24	10,318.62	3.88%	0.47%
3 Site Management Resources	40,924.89	33,132.72	39,664.79	19.71%	(3.08%)
4 Health, Safety & Environmental	-	-	-		
Sub Total	96,126.20	86,642.08	103,401.33	19.34%	7.57%
UTILITIES					
5 Electricity	627.07	1,211.80	1,447.60	19.46%	130.85%
Sub Total	627.07	1,211.80	1,447.60	19.46%	130.85%
SOFT SERVICES					
6 Security	6,264.94	18,648.40	4,982.60	(73.28%)	(20.47%)
7 Cleaning & Environmental	220,253.89	242,918.25	240,794.31	(0.87%)	9.33%
Sub Total	226,518.83	261,566.65	245,776.91	(6.04%)	8.50%
HARD SERVICES					
8 Mechanical & Electrical Services	9,827.75	13,236.60	10,335.00	(21.92%)	5.16%
9 Fabric Repairs & Maintenance	19,859.38	37,057.60	30,717.21	(17.11%)	54.67%
Sub Total	29,687.13	50,294.20	41,052.21	(18.38%)	38.28%
INCOME					
10 Interest	(10,749.21)	(1,418.59)	(4,661.43)	228.60%	(56.63%)
Sub Total	(10,749.21)	(1,418.59)	(4,661.43)	228.60%	(56.63%)
INSURANCE					
11 All Risks Insurance Cover	9,097.69	9,100.00	11,718.00	28.77%	28.80%
Sub Total	9,097.69	9,100.00	11,718.00	28.77%	28.80%
EXCEPTIONAL EXPENDITURE					
12 Major Works	3,235.00	38,166.60	28,677.10	(24.86%)	786.46%
Sub Total	3,235.00	38,166.60	28,677.10	(24.86%)	786.46%
WORKS TOTAL	354,542.71	445,562.74	427,411.72	(4.07%)	20.55%
FORWARD FUNDING					
13 Estate Expenditure Reserve	106,665.13	43,878.09	72,905.40	66.15%	(31.65%)
Sub Total	106,665.13	43,878.09	72,905.40	66.15%	(31.65%)
GRAND TOTAL	461,207.84	489,440.83	500,317.12	2.22%	8.48%

Residential Estate Charge

Summary of Variances - 2014 Actual Expenditure to 2014 Budget

The overall estate expenditure for the year 1 January 2014 - 31 December 2014 is under budget by 4.07% compared with the budget for 2014. There are a range of positive and negative variances contained within the summary schedule, the financial variances are explained as follows:

Service	Variance	Reason
Management Fees	£9,841.80	The time spent administering services and dealing with residential estate issues was under-budgeted in 2014. This was due to more time than anticipated being spent on dealing with resident queries, administration of deeds and the collection of overdue estate management charges. In 2014, a more stringent programme was introduced to tackle overdue estate management charges, and as result by the end of December 2014, approximately 85% of the debt had successfully been collected.
Accounting Fees	£385.38	This variance is minimal, due to a slight increase in software maintenance costs.
Site Management Resources	£6,532.07	Office costs are recharged from the parent company, Liberty Property Trust UK Ltd, based on the allocation of staff time spent on the company. As a result of the reasons mentioned above , these are therefore higher than budgeted.
Electricity	£235.80	Actual expenditure in 2014, was greater than forecasted in 2015.
Security	(£13,665.80)	In the 2014 budget, provisions were placed for 'Speed Awareness Controls' and 'Police Parking Initiatives', however these initiatives were not introduced in 2014 and the 'Speed Awareness Controls' provision has been carried forward to the 2015 budget.
Cleaning & Environmental	(£2,123.94)	This represents an overall 0.87% favourable variance, which is not material.
Mechanical & Electrical Services	(£2,901.60)	This relates to adhoc street light maintenance contingencies that were not utilised in the year.
Fabric Repairs & Maintenance	(£6,340.39)	The actual cost of the supply and installation of 50 new bollard signs around the residential estate was less than originally budgeted, resulting an overall saving.
Interest	(£3,242.84)	Due to stricter credit control procedures of the collection of the annual residential management fee, the overall bank balance has increased, resulting in greater interest being earned than had been budgeted.
All Risks Insurance Cover	£2,618.00	The 2014 budget did not include an additional public liability insurance for unadopted residential areas across the estate, resulting in this adverse variance. However this additional insurance has now been accounted for in the 2015 budget.
Major Works	(£9,489.50)	Planned works to install a new youth pod in the Gibson Drive play area, along with a security camera were not ordered this year. These works have been carried forward to 2015.