



Shopping Centre e-Magazine

Keeping the code

Published: 19 January, 2012

Shopping Centre is unveiling a new series of articles on how to comply with the new Code of Practice on Service Charges

The second edition of the Code of Practice on Service Charges came into effect from October 2011, and to help managers implement the new code, *Shopping Centre* is planning to run a year-long series of articles looking at its requirements and practical implications.

Shortly before the new code came into effect, customer service consultancy RealService conducted a study into levels of compliance with the first edition of the code, and found it to be patchy at best.

The researchers from RealService focused on the mandatory actions that landlords are required to take. First was the requirement to provide occupiers with a service charge budget for the coming year one month before it was to come into effect. And only 70 per cent of the accounts surveyed could prove that they met this deadline, down from 78 per cent a year previously.

Second was the requirement to provide reconciled financial service charge statements within four months of the end of the service charge year. Here, just 69 per cent of accounts were found to be compliant, the same level as last year.

British Land's Justin Snoxall, who chaired the RealService Best Practice Group, said: "Many people say they comply with the code, but that's not enough. You have to be able to demonstrate that you comply." And he added. "Occupiers say that timeliness of information is crucial if they are to make the right decisions for their businesses."

However it's clear that there are some real examples of best practice out there. The Property Managers' Association – representing 110 of the property directors of the UK's leading retailers – introduced a quality assurance programme in 2009 to monitor landlord and managing agent compliance with the code.

Individual properties are audited and graded on the quality of their compliance. This year two properties achieved a platinum award, which according to the PMA is given "in exceptional circumstances to recognise and reward outstanding service charge management standards and going the extra mile for retailers." Both are managed by Savills on behalf of British Land. They were the Forster Square Shopping Park in Bradford and the New Mersey Shopping Park in Liverpool.

Other British Land properties achieved gold awards including the Glasgow Fort Shopping Park managed by Montagu Evans; the Kingston Centre in Milton Keynes, managed by GVA; the Springfield Retail Park in Elgin, managed by Colliers International and the Surrey Quays Shopping Centre in Rotherhithe and the Tollgate Centre, Colchester, both managed by Munroe K.

John Gray, the PMA's service charge representative, said: "British Land is a true exemplar of RICS Service Charge Code compliance and service delivery excellence. The company has stood out for the third year running for its high standard of accounting and transparency. The PMA congratulates British Land and its agents on another exceptionally strong performance."

David Tudor-Morgan, director of retail property management for British Land, commented: "As the UK's largest retail landlord, we believe in leading from the front and by example when it comes to efficient property management that meets and exceeds retailers' expectations. "We are naturally delighted to have independent corroboration that we are effectively controlling costs, being transparent and delivering for retailers. Together with our managing agents, we will continue our efforts by utilising smart procurement, efficient management and creative thinking."

It's examples like this that Shopping Centre will be highlighting in the coming year.