Service Charge Operating Report

Shopping Centres

SCOR 2025

InsightRE™

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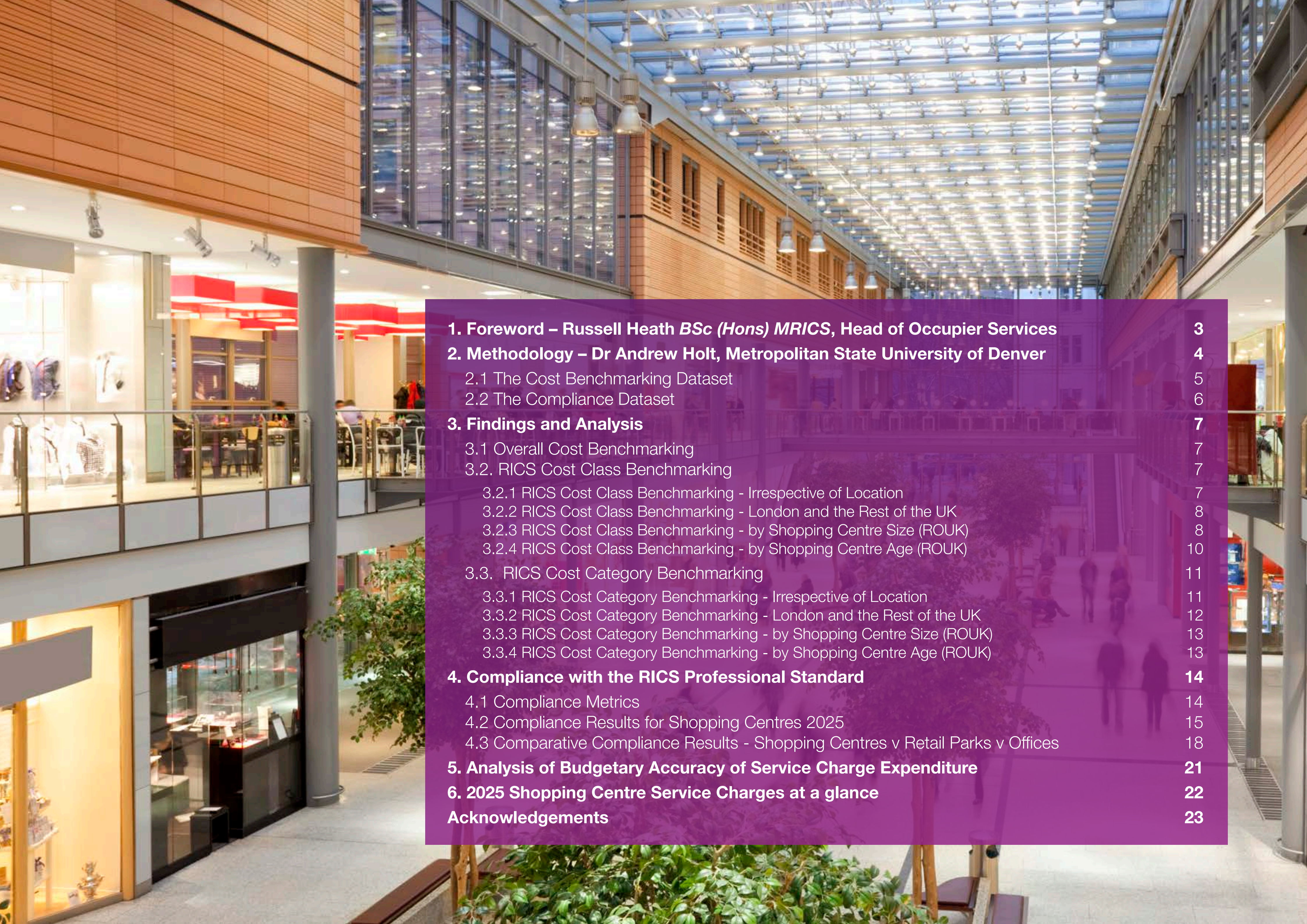


1. Foreword – Russell Heath, Head of Occupier Services

Welcome to the 2025 edition of the Service Charge Operating Report (SCOR) for Shopping Centres. The more observant of you will have noticed that we have jumped straight from 2023 (last year's publication) to 2025. This is due to us now releasing this research after the New Year and so we thought it more appropriate to name it as per the year of its issue.

SCOR for Shopping Centres 2025 benchmarks the service charge costs at UK shopping centres by analysing them according to the Cost Classes and Categories specified by the Royal Institution of Chartered Surveyors (RICS) Professional Standard (formerly Statement) Service charges in Commercial Property. The research includes 2024 budgetary cost information for a representative sample of 85 UK shopping centres that fall within the UK's 100 largest by total net lettable floor area. As you may recall, we previously made the decision to switch and focus exclusively on budgetary data – whilst this is perhaps not ideal, it is unfortunately a reflection of where we are in terms of the timeliness of reconciliations as an industry!

In last year's foreword I highlighted the need for the RICS to seize the initiative in the forthcoming edition of the RICS Professional Standard by taking further positive steps to support greater transparency and compliance, particularly in the certification of service charge costs. As we await publication of the new document, the data around compliance with the existing RICS Professional Standard seems to paint a pretty disappointing picture of where the industry is at with each of the 16 "must" and "should" metrics for the 60 shopping centres analysed. Table 11 (within Section 4.2) indicates that only a couple of metrics (requirements 7 and 9) are showing a year-on-year improvement, whilst the majority appear to indicate a mixed picture, and some even reflect a year-on-year negative decline (requirements 1, 4, 10 and 15)! However, regardless of what the forthcoming 2nd edition of the RICS Professional Standard requires, it seems clear that we as property professionals must take collective responsibility and do far more to turn this around – if not, then legislation may well be our legacy.

With regard to the cost benchmarking, many of you will share my concern at the size of the overall median increase (Table 3), particularly in London. It is also interesting to note the apparent widening of the cost differential between London and the Rest of the UK (ROUK), with the median data revealing year-on-year rises of 58.4% and 22.7%, respectively. A more in-depth review and comparison of the median information broken down by RICS Cost Class (Table 4) seems to suggest that, in absolute terms, the most significant differentials relate to Soft services (£1.04), Hard Services (£0.66) and Management (£0.54). Perhaps not surprisingly, comparison against the previous year's median data, also reveals a widening variance in each of these Cost Classes.

Finally, the datasets and methodology used are described in more detail in the next section, but it must be noted that the budget-based research findings presented here are not designed to be used by industry stakeholders as justification for modifying current service charge costs. Regardless of these limitations, SCOR's benchmarks provide a starting point for more transparent and constructive service delivery, lease compliance and value for money.

Once again academic oversight for SCOR for Shopping Centres is provided by Dr Andrew Holt, Metropolitan State University of Denver, and we hope that you find this latest edition useful for both managing and monitoring your service charges.

– Russell Heath *BSc (Hons) MRICS*,
Head of Occupier Services

2. Methodology – Dr Andrew Holt, Metropolitan State University of Denver

The data for SCOR's single year cost benchmarking was obtained from analysis of service charge budgets supplied to occupiers at 85 of the UK's 100 largest shopping centres by total net lettable floor area (NLA). As last year, the publication of many 2024 fiscal year annual statements of service charge expenditure have been delayed, resulting in SCOR 2025's cost data being taken from annual budgets of service charge costs which included at least six months of 2024. The decision to focus exclusively on budgetary data is not ideal but is seen as necessary.

The cost benchmarking dataset is unbiased and representative as it includes cost information for any shopping centre that Bellrock Real Estate deals with where complete budgetary information was available for at least six months of 2024, we call this the fiscal year for the purposes of the cost benchmarking. As a result, no self-selection or bias was used in establishing the dataset, and a unique population of properties was used for the analysis. Costs in SCOR are reported as net costs, i.e. exclusive of VAT.

Since many source documents do not use the RICS cost classification system, cost data is entered into Bellrock's service charge system - InsightRE™ - under the exact naming conventions used within each document. Our Data Supervisor then allocates the costs to the correct RICS mandated Cost Category thus allowing the research to compare like with like. This "modified" data is then exported from InsightRE™ and, using the NLA of each centre, is converted into £ per sq. ft. figures. The median has long been the average employed by SCOR to represent the benchmark figures as, by its nature, it eliminates "outliers" (very high or very low figures). Lower quartiles and upper quartiles - the first signifying the cost figure that 25% of the buildings lie below and the latter the figure that 25% of the buildings are more expensive than - are also shown. The quartiles also give an idea of the spread of the costs, the smaller the difference between the two figures suggests a more bunched up data set.

Another important methodological issue for retail premises is the reporting of Marketing costs. At a number of UK shopping centres, the landlord makes a material contribution towards Marketing, effectively reducing the net cost for occupiers. As a result, service charge budgets and reconciliations may merely report the "net" Marketing spend as a single line item, rather than showing two separate figures for the "gross" Marketing cost and the offsetting credit for the landlord's contribution. If a budget or reconciliation does not detail the landlord's contribution to Marketing, it is almost impossible for an occupier to determine the total "gross" annual Marketing expenditure planned or incurred for the centre. To provide an accurate cost benchmark for Marketing, SCOR for Shopping Centres reports the "net" Marketing cost for each centre, but the research team urges occupiers to carefully review leases and service charge reconciliations for details regarding landlord contributions to this element of their service charges.

A third issue relates to the reporting of the cost per sq. ft., especially considering "weighted" apportionment tables are often used in the UK shopping centre retail sector. Such weighted apportionment matrices reduce the service charge percentage paid by larger "anchor" tenants and means that each retail occupier may pay a differing cost per sq. ft. SCOR for Shopping Centres calculates cost per sq. ft. by dividing total cost by NLA and therefore does not take into account any weighting that the landlord and their managing agent may apply. This means that SCOR's cost per sq. ft. will invariably not correspond to what is actually paid by certain occupiers, since those benefiting from a weighted apportionment will pay a lower rate, and similarly, those lacking such an adjustment will incur a higher rate.

One final methodological issue relates to the calculation of median costs for certain types of costs. Not all centres incur all types of costs during a specific year, and sometimes an absence of cost is entered on the document as an amount of "0" or merely left blank. This inconsistency in accounting has the potential to distort the cost analysis. For example, where an amount is entered as "0", it will impact the calculation of the median cost for the entire population of shopping centres, whereas a blank entry will not. As a result, in order to prevent distorted figures, SCOR's analysis of the specific RICS Cost Category "Major works" and the wider RICS Cost Class "Exceptional expenditure" specifically excluded amounts of "0" when calculating their median costs.

SCOR's compliance data was drawn from an unbiased and representative dataset, as it included data for any location that Bellrock Real Estate deals with, where a complete statement of annual service charge expenditure was available that included a six-month period falling in the 2023 calendar year, we call this the fiscal year for the purposes of the compliance analysis. As a result, no self-selection or bias was used in establishing the dataset, and a unique population of properties was used for the compliance analysis.

While having a representative dataset is crucial, it is also vital that information is collected and analysed in a neutral manner, free from researcher bias and inaccuracy. In terms of data collection, all of SCOR's compliance data was obtained from analysis of the primary accounting documents provided. Supplementary information, such as data contained within additional attachments (i.e. "service charge packs" and "appendices"), was also reviewed where relevant. As data was hand collected by the research team from actual service charge documents, there is no potential for third-party bias in terms of manipulation or selective exclusion of documents. Furthermore, all available service charge data for the given period is included, unless underlying source documents are deemed to be incomplete.

In terms of analysis, content analysis was used to obtain the compliance data, which often requires some degree of subjective interpretation on behalf of the research team. In practice, the potential for bias in this type of work is remote as it requires limited interpretation by the researcher. The data codification required for the compliance analysis is primarily binary in nature and unproblematic, especially when a document provides explanatory information. Judging the efficacy of such information might be contentious in theory, but in practice the nature of the service charge document renders the analysis relatively straightforward. Hence, most of the data could be utilised directly, and the resulting compliance analysis provides a valid examination of current service charge accounting and certification practices.

While a major part of SCOR's data collection and analysis is performed by a research team at Bellrock, the work is closely monitored by an independent academic supervisor. This position has been held by Dr. Andrew Holt (Professor of Accounting at Metropolitan State University of Denver) since the inception of the various SCOR reports. This academic oversight helps to create the current set of rigorous cost benchmarking and compliance measurement methodologies, serves to monitor and oversee the objectivity of the data collection and statistical analysis process, and assists the team in the interpretation and write-up of the research findings and conclusions.

2.1 The Cost Benchmarking Dataset

Detailed cost analysis was undertaken for 85 UK shopping centres within the UK's 100 largest in terms of their NLA. Table 1 and Figures 1, 2 and 3 provide descriptive information about the cost benchmarking dataset.

Figure 1 illustrates that one third of the shopping centres were within Greater London (London) and the South-East.

Figure 2 shows that, for analysis purposes, the properties were split into three size groupings as is customary in SCOR for Shopping Centres: those up to 600,000 sq. ft., from 600,001 sq. ft. up to 1,200,000 sq. ft. and those above 1,200,001 sq. ft.

In regard to the age of the shopping centres, again, as per previous years, the dataset was split into four groupings as illustrated in Figure 3.

Fiscal Year	No. of Shopping Centres	Type of Document	Total Area sq.ft.	Total Service Charge Cost
2024 (>6 months in year)	85	Service Charge Budget	63,779,415	£567,011,455

Table 1. Characteristics of the cost benchmarking dataset for SCOR for Shopping Centres 2025.

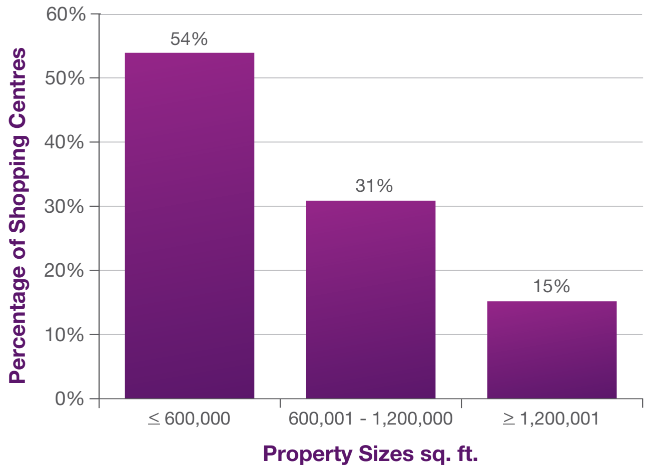


Figure 2. Property sizes (in sq.ft.) of shopping centres in the dataset.

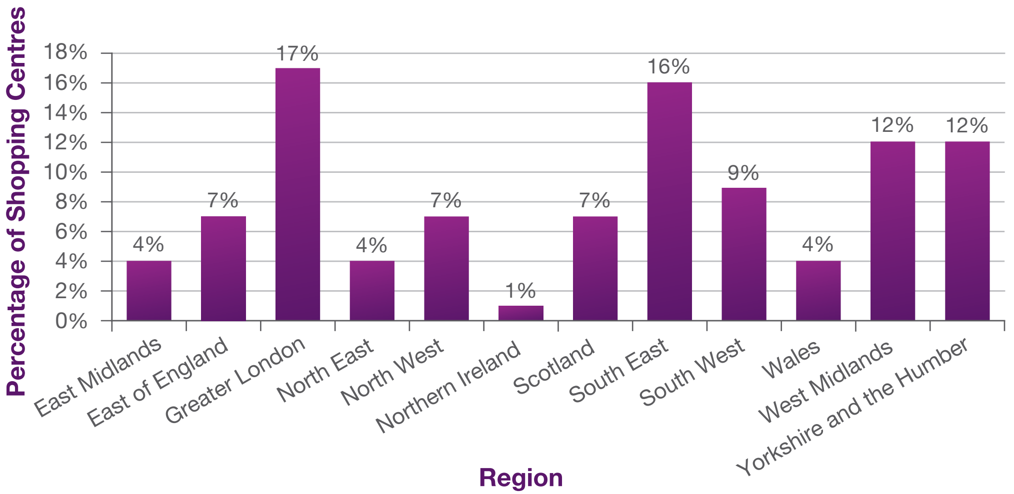


Figure 1. Geographical location of shopping centres in the dataset.

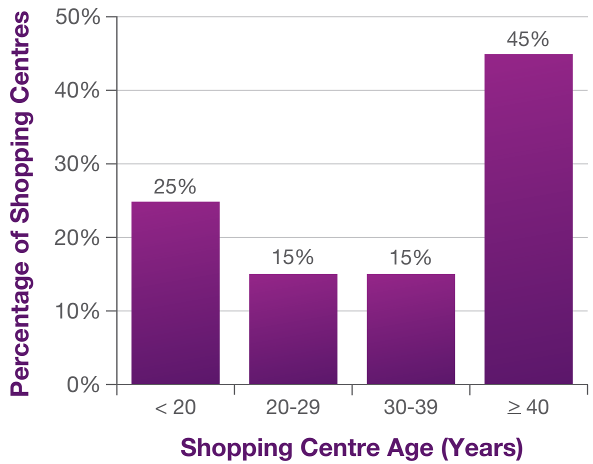


Figure 3. Age of shopping centres in the dataset.

2.2 The Compliance Dataset

Compliance analysis against 16 accounting requirements of the 2023 RICS Professional Standard (originally released as a Professional Statement in 2018) was undertaken of the annual statements of service charge expenditure (reconciliations) for 60 UK shopping centres within the 100 largest, all that were available at the time the analysis was carried out. Table 2 provides descriptive information about the compliance benchmarking dataset.

Fiscal Year	No. of Shopping Centres	Type of Document	Total Area sq.ft.	Total Service Charge Cost
2023 (>6 months in year)	60	Annual statement of service charge expenditure (“reconciliation”)	54,406,874	£431,153,182

Table 2. Characteristics of the compliance dataset for SCOR for Shopping Centres 2025.

3.1 Overall Cost Benchmarking

Figure 4 shows the lower quartile, median and upper quartile budgeted service charge costs, in £ per sq. ft., for shopping centres in London and the Rest of the UK (ROUK) in the 2024 fiscal year. Based upon these median figures, occupiers in London pay just over 45% more than tenants in the ROUK - this is a far larger differential in the median figures than in the 2023 fiscal year (13%).

The comparison of this year's analysis with last year's is shown in Table 3.

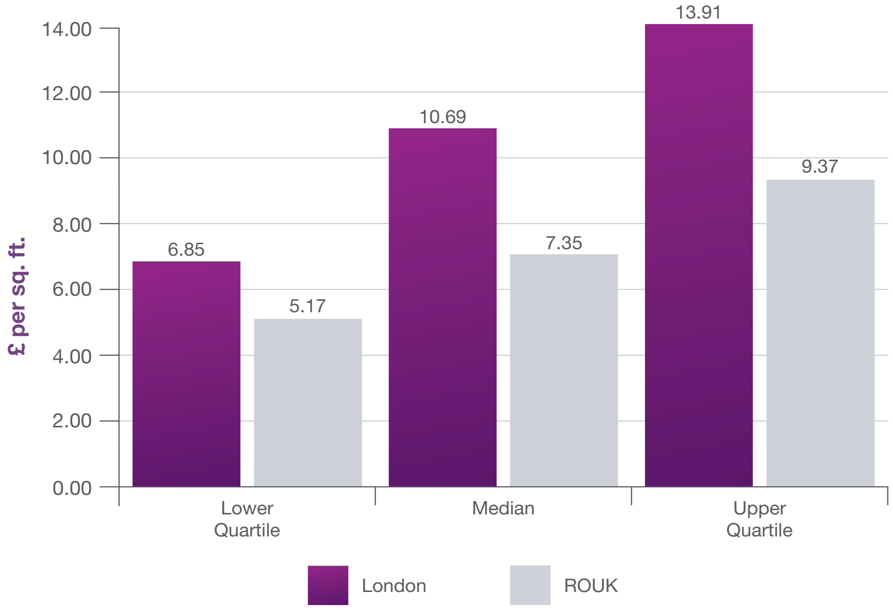


Figure 4. Total service charge costs compared between shopping centres located in London and ROUK.

£ Per sq. ft.	London		ROUK	
Fiscal year	2024	2023	2024	2023
Lower quartile	6.85	5.56	5.17	4.47
Median	10.69	6.75	7.35	5.99
Upper quartile	13.91	10.58	9.37	7.80

Table 3. Total service charge costs compared between shopping centres located in London and ROUK across the 2023 and 2024 fiscal years.

3.2. RICS Cost Class Benchmarking

3.2.1 RICS Cost Class Benchmarking – Irrespective of Location

In this analysis of budgeted service charge costs by RICS Cost Class, two classes – Income and Miscellaneous charges – have not counted towards the total service charge cost when generating the pie chart figures, as they tend to be negative contributors.

Figure 5 illustrates the costs for the 85 centres by RICS Cost Class, and highlights that, once again, Soft services, Management and Hard services represent the largest contributors at 43%, 18%, and 17% of the total budgeted service charge, respectively.

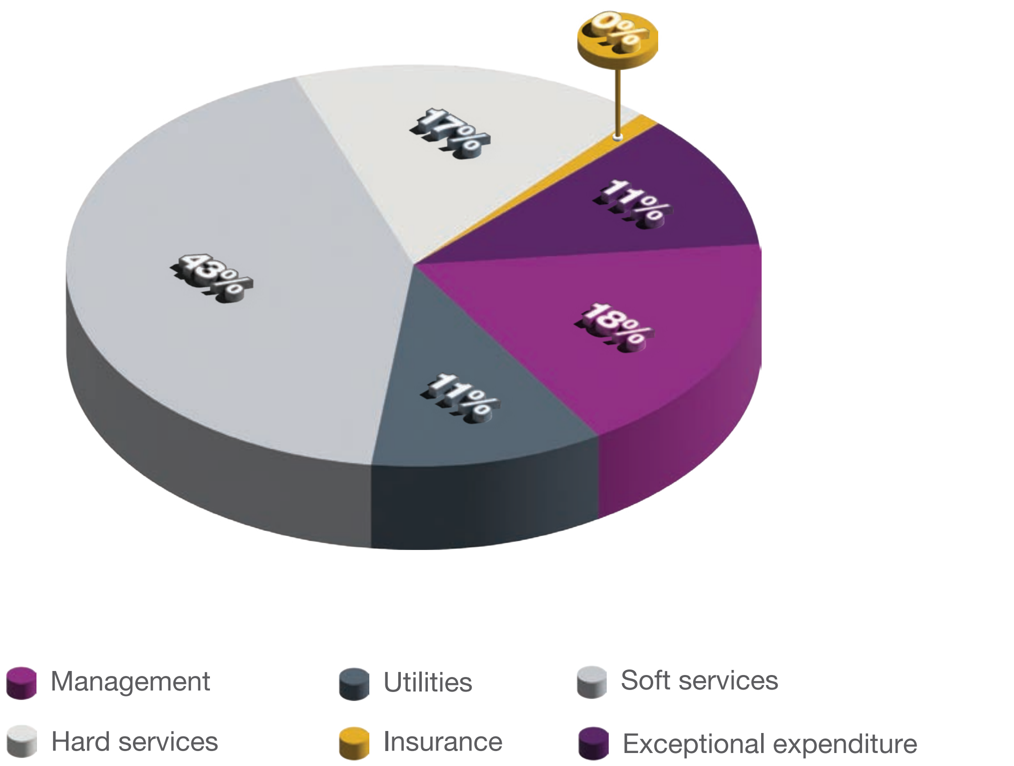
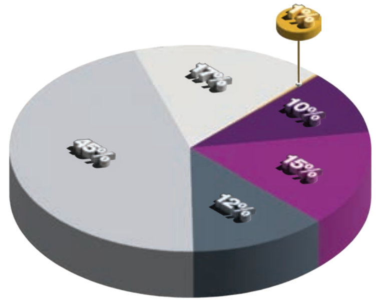


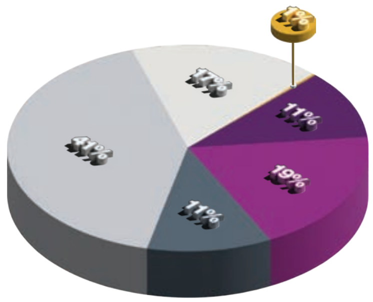
Figure 5. Percentage of total service charge costs per RICS Cost Class across the whole dataset.

3.2.2 RICS Cost Class Benchmarking – London and the Rest of the UK

Figures 6.1 and 6.2 compare the relative impact on the total budgeted service charge costs that each RICS Cost Class has within London and ROUK. Soft services account for a larger percentage of the total cost in London than ROUK, (45% versus 41%). However, Management accounts for a smaller proportion of the total cost in London than in the ROUK (15% versus 19%).

Table 4 shows the quartiles of service charge costs by RICS Cost Class (in £ per sq. ft) for both London and ROUK.





Management Utilities Soft services
Hard services Insurance Exceptional expenditure

Figure 6.1. Percentage of total service charge costs per RICS Cost Class for shopping centres located in London.

Figure 6.2. Percentage of total service charge costs per RICS Cost Class for shopping centres located in ROUK.

£ Per sq. ft.	Lower quartile		Median		Upper quartile	
RICS Cost Class	London	ROUK	London	ROUK	London	ROUK
Management	1.27	0.99	1.83	1.29	2.42	1.89
Utilities	0.77	0.49	1.18	0.72	1.63	1.10
Soft services	3.52	2.22	4.12	3.08	5.68	4.17
Hard services	1.02	0.75	1.73	1.07	1.84	1.52
Insurance	0.02	0.01	0.03	0.03	0.07	0.05
Exceptional expenditure	0.65	0.41	1.08	0.90	1.94	1.61
Quartiles of total costs	6.85	5.17	10.69	7.35	13.91	9.37

Table 4. Service charge costs across RICS Cost Classes split between London and ROUK.

3.2.3 RICS Cost Class Benchmarking – by Shopping Centre Size (ROUK)

To evaluate the impact of shopping centre size on total service charge cost, and how those costs spread across the RICS Cost Classes, this section analyses the differences in costs across shopping centres classified into one of three size categories. This analysis was not carried out on the 15 London centres as the results would not be statistically meaningful due to the small sample size.

Median costs (£ per sq. ft.)	ROUK		
RICS Cost Class	≤ 600,000 sq.ft. (39 Centres)	600,001 - 1,200,000 sq.ft. (22 Centres)	≥ 1,200,000 sq.ft (9 Centres)
Management	1.10	1.29	1.88
Utilities	0.61	0.77	1.07
Soft services	2.72	3.17	4.51
Hard services	0.92	1.11	1.42
Insurance	0.03	0.01	0.07
Exceptional expenditure	0.58	1.18	1.56
Medians of total costs (£ per sq. ft.)	6.01	8.15	10.93

Table 5. Service charge costs across RICS Cost Classes by shopping centre size in ROUK.

Table 5 and Figure 7 illustrate that, in ROUK, as the size of the shopping centre increases, the service charge budgeted costs increase (£ per sq. ft.). The increase in medians from the smallest centres' banding to the largest is c. 82%, compared with 60% in SCOR 2023.

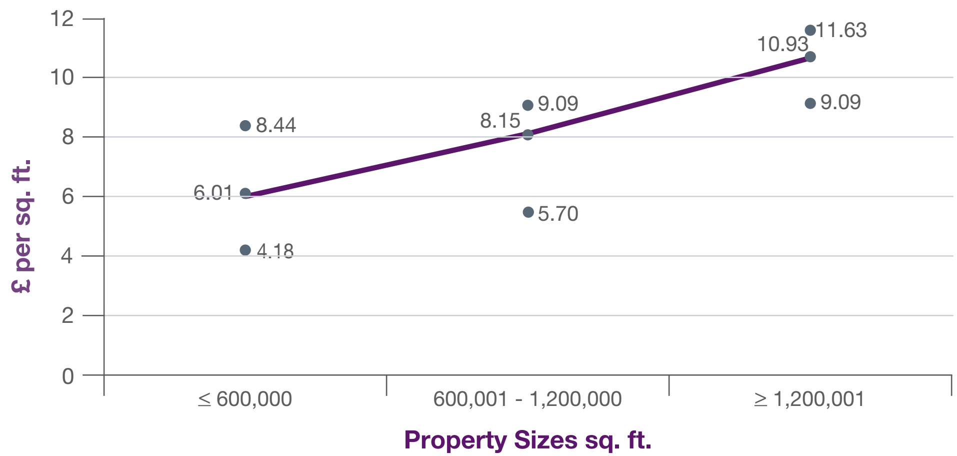


Figure 7. Quartiles of service charge costs by shopping centre size in the Rest of the UK.

3.2.4 RICS Cost Class Benchmarking – by Shopping Centre Age (ROUK)

To investigate the impact of shopping centre age on each RICS Cost Class, the centres in ROUK were classified into four age categories as shown in Table 6.

Table 6 and Figure 8 illustrate that the age of a shopping centre does not appear to have a material impact on the budgeted service charge costs.

Median costs (£ per sq. ft.)	ROUK			
RICS Cost Class	< 20 Yrs (19 Centres)	20-29 Yrs (10 Centres)	30-39 Yrs (9 Centres)	≥ 40 Yrs (32 Centres)
Management	1.22	1.79	1.57	1.18
Utilities	0.62	1.10	0.80	0.66
Soft services	3.30	3.94	3.38	2.34
Hard services	0.99	1.38	1.29	1.02
Insurance	0.02	0.03	0.04	0.02
Exceptional expenditure	0.73	1.65	0.94	0.55
Medians of total costs (£ per sq. ft.)	7.59	9.43	8.30	5.91

Table 6. Median service charge costs across RICS Cost Classes by shopping centre age in ROUK.

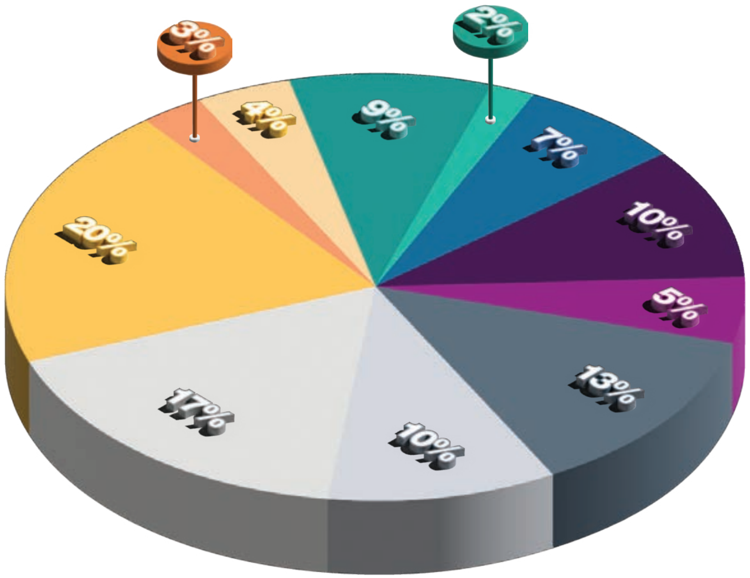
Figure 8. Quartiles of service charge costs by shopping centre age in ROUK.

3.3. RICS Cost Category Benchmarking

This section analyses eleven RICS Cost Categories that have the greatest effect on the overall service charge costs; Management fees, Site management resources, Electricity, Security, Cleaning & sustainability, Landscaping & environment, Mechanical & electrical services, Lifts & escalators, Fabric repairs & maintenance, Marketing & promotions and Major works. This is the order they appear in the RICS Professional Standard.

3.3.1 RICS Cost Category Benchmarking – Irrespective of Location

Figure 9 shows the proportion of budgeted costs of each of the eleven selected RICS Cost Categories across the 85 centres. Of these, 37% of the total cost was incurred on just two RICS Cost Categories: Cleaning & sustainability and Security (both of which are contained within the Soft services RICS Cost Class). The Total cost of management (summing the Management fees and the Site management resources) accounts for a further 18% of the total. As mentioned in the Methodology section, Marketing & promotions is analysed on a "net" basis, after deducting any Landlord contribution to Marketing.



- Management fees
- Site management resources
- Electricity
- Security
- Cleaning & sustainability
- Landscaping & environment
- Marketing & promotions
- Mechanical & electrical services
- Lifts & escalators
- Fabric repairs & maintenance
- Major works

Figure 9. Percentage of total service charge costs per selected RICS Cost Categories across the whole dataset.

3.3.2 RICS Cost Category Benchmarking – London and the Rest of the UK

Figures 10.1 and 10.2 illustrate the costs split by RICS Cost Category in London and ROUK, respectively. The results indicate that Fabric repairs & maintenance shows a reduction in its percentage contribution to the totals costs between London and ROUK, 10% in the capital against 6% elsewhere. There is an increase in the Mechanical & electrical services contribution to the total costs between London and ROUK; 6% versus 10%, respectively.

Table 7 shows the quartiles of service charge costs by selected RICS Cost Categories across London and ROUK, the results are given in £ per sq. ft.

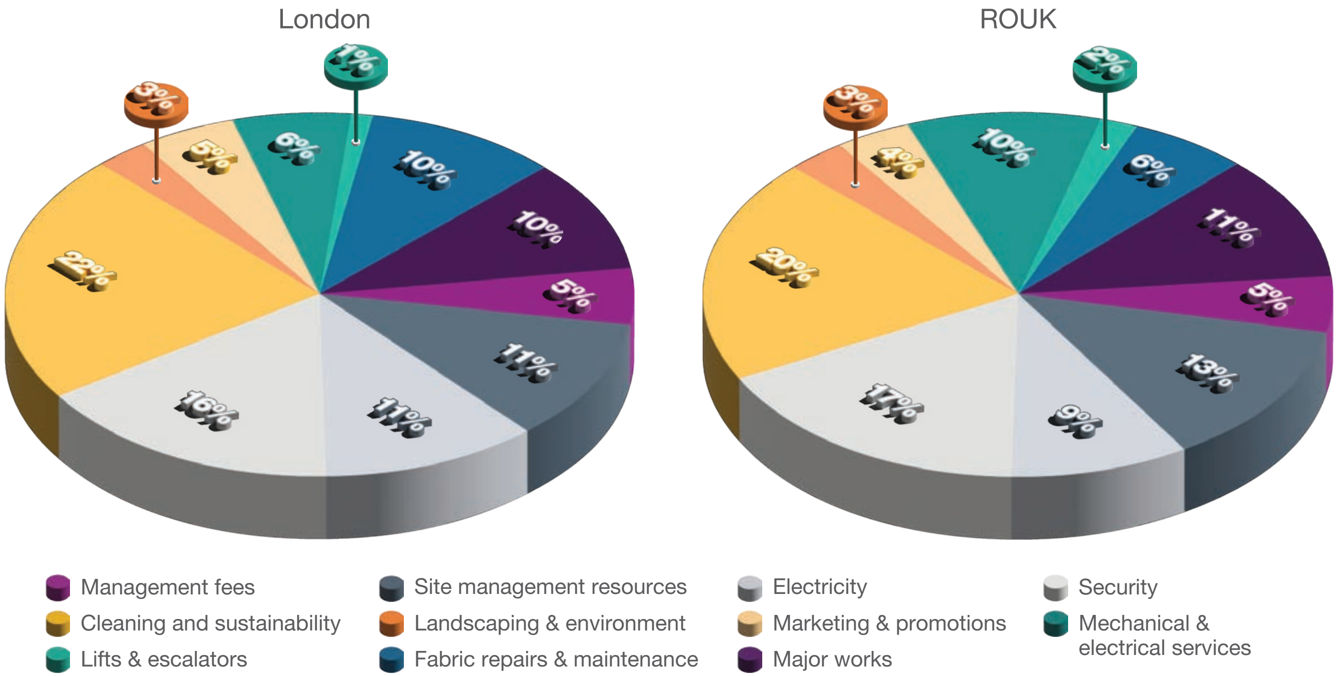


Figure 10.1. Percentage of total service charge costs per selected RICS Cost Categories in shopping centres in London.

Figure 10.2. Percentage of total service charge costs per selected RICS Cost Categories in shopping centres in the Rest of the UK

£ Per sq. ft.	Lower quartile		Median		Upper quartile	
RICS Cost Category	London	ROUK	London	ROUK	London	ROUK
Management fees	0.46	0.30	0.57	0.42	0.74	0.54
Site management resources	0.76	0.60	1.25	0.79	1.82	1.29
Electricity	0.74	0.40	1.09	0.59	1.48	0.92
Security	1.53	0.94	1.70	1.12	2.13	1.65
Cleaning and sustainability	1.43	0.98	1.92	1.35	2.58	1.80
Landscaping & environment	0.24	0.11	0.29	0.22	0.46	0.35
Marketing & promotions	0.03	0.10	0.25	0.21	0.49	0.39
Mechanical & electrical services	0.35	0.36	0.98	0.65	1.36	0.96
Lifts & escalators	0.06	0.06	0.15	0.11	0.26	0.15
Fabric repairs & maintenance	0.12	0.14	0.24	0.26	0.44	0.45
Major works	0.48	0.40	1.06	0.73	1.76	1.36
Quartiles of total costs	6.85	5.17	10.69	7.35	13.91	9.37

Table 7. Service charge costs across selected RICS Cost Categories split between London and ROUK.

3.3.3 RICS Cost Category Benchmarking – by Shopping Centre Size (ROUK)

Table 8 illustrates the impact of shopping centre size on selected RICS Cost Categories in ROUK.

In line with the results in section 3.2.3, shopping centre size does appear to materially affect budgeted service charge costs with larger centres having higher budgeted service charges. The largest contributors (in quantum) to the increase being Major works, Marketing & promotions, and Mechanical & electrical services. The only cost category that showed little change across all shopping centre sizes was Fabric repairs & maintenance.

Median costs (£ per sq. ft.)	ROUK		
RICS Cost Category	≤ 600,000 sq.ft. (39 Centres)	600,001 - 1,200,000 sq.ft. (22 Centres)	≥ 1,200,000 sq.ft (9 Centres)
Management fees	0.36	0.43	0.52
Site management resources	0.70	0.76	1.21
Electricity	0.47	0.61	0.93
Security	1.11	1.09	1.31
Cleaning & sustainability	1.16	1.33	1.92
Landscaping & environment	0.20	0.21	0.39
Marketing & promotions	0.17	0.26	0.41
Mechanical & electrical services	0.45	0.77	1.05
Lifts & escalators	0.07	0.12	0.13
Fabric repairs & maintenance	0.27	0.24	0.24
Major works	0.56	0.92	1.56
Medians of total costs (£ per sq. ft.)	6.01	8.15	10.93

Table 8. Service charge costs across selected RICS Cost Categories by shopping centre size in ROUK.

3.3.4 RICS Cost Category Benchmarking – by Shopping Centre Age (ROUK)

Table 9 shows the median service charge costs for the selected RICS cost categories split per age of the shopping centres in ROUK. There appears to be no correlation between the age of a shopping centre and the variation in costs of services delivered, reflecting the results in 3.2.4.

Median costs (£ per sq. ft.)	ROUK			
RICS Cost Category	< 20 Yrs (19 Centres)	20-29 Yrs (10 Centres)	30-39 Yrs (9 Centres)	≥ 40 Yrs (32 Centres)
Management fees	0.49	0.52	0.40	0.36
Site management resources	0.72	1.27	0.99	0.73
Electricity	0.49	0.87	0.72	0.55
Security	1.18	1.65	1.15	1.03
Cleaning & sustainability	1.36	1.84	1.46	1.09
Landscaping & environment	0.30	0.15	0.28	0.19
Marketing & promotions	0.36	0.38	0.24	0.16
Mechanical & electrical services	0.55	0.98	0.70	0.60
Lifts & escalators	0.11	0.13	0.12	0.07
Fabric repairs & maintenance	0.24	0.16	0.38	0.28
Major works	0.63	1.40	0.87	0.52
Medians of total costs (£ per sq. ft.)	7.59	9.43	8.30	5.91

Table 9. Service charge costs across selected RICS Cost Categories by age of shopping centre in ROUK.

4. Compliance with the RICS Professional Standard

4.1 The Compliance Metrics

Based upon a review of the most recent annual statements of service charge expenditure (reconciliations) at 60 of the UK's largest 100 shopping centres by NLA, this section presents compliance analysis reviewing whether select accounting presentation and disclosure requirements of the 2023 RICS Professional Standard have been adopted.

60 reconciliations is a disappointingly low sample size, given that SCOR 2025 already makes the concession that, in order to gather a reasonable number of reconciliations, it only considers those that cover at least six months of the 2023 fiscal year.

All reconciliations meeting the SCOR selection criteria are included, unless they are deemed to be "incomplete" and missing relevant information.

SCOR uses 17 "must", "should" and "other" compliance metrics to evaluate the main accounting and administrative requirements of the RICS Professional Standard. Each of these can be identified via an unbiased, "binary" review (i.e. "yes" it is included, or "no" it is absent) of the text and numeric content within the annual service charge accounting statement. As the leases for many properties do not allow the creation of a sinking or reserve fund, no metrics measure the accounting disclosures required in this area. Each of the 17 metrics are described in more detail in Table 10.

The metrics include 4 "musts", 12 "shoulds", and 1 "other" requirement as per the language used within the Professional Standard. As the 1 "other" requirement included within the Professional Standard is neither a "must" nor a "should", ("Openness and transparency can be further enhanced by the inclusion of a balance sheet or cash reconciliation") each centre's reconciliation was ranked out of a total compliance score of 16 (i.e. the 4 "musts" and 12 "shoulds"), with separate reporting of compliance with the 1 "other" requirement.

No.	Requirement	Must/ Should	Measurement
1	The Professional Standard requires that fees be set on a fixed-price basis (Section 4.1.3.2, page 23)	Must	Binary coding – yes/no
2	Ensure that a service charge apportionment matrix for the property is provided annually to all tenants. Clearly shows the basis and method of calculation, and the total apportionment per schedule for each unit within the property. (Section 4.2.4, page 32)	Must	Binary coding – yes/no
3	Service charge monies must be held in one or more discrete [or virtual] bank accounts (Section 4.5, page 41)	Must	Clear statement – yes/no
4	Interest earnt on service charge accounts must be credited to the service charge account after appropriate deductions have been made (Section 4.5.10, page 50)	Must	Binary coding based upon evidence – yes/no
5	Timeliness - Detailed statements of actual expenditure, together with accounting policies and explanatory text, should be issued within four months of the service charge year end (Section 4.5.12, page 51)	Should	Binary coding – yes/no
6	Industry Standard Cost Classifications should be used in reporting budget and actual expenditure. As a minimum acceptable level of reporting, service charge budgets and statements of actual expenditure should be prepared at cost class level … (Section 4.5.5, page 46)	Should	Cost classes Binary coding – yes/no
7	…and cost category level (Section 4.5.5, page 46)	Should	Cost category Binary coding -yes/no
8	Service charge accounts should include a comprehensive list of accounting policies and principles including: whether the accounts are prepared on an accruals or where permitted, the cash basis (Section 4.5.1, page 41)	Should	Clear statement of whether accounts are prepared on an accrual or cash basis Yes/no
9	Where the accounts are prepared on an accruals basis, they should be accompanied by a schedule of opening and closing prepayments and accrued expenses (Section 4.5.4 & 4.5.6, page 46 & 48)	Should	Binary coding – yes/no
10	An analysis of any material variances between budget and actual expenditure, with a detailed commentary to explain trends and variances where significant (section 4.5.2, page 42)	Should	Binary coding – yes/no
11	Other information includes: A statement detailing how insurance claims are accounted for (Section 4.5.2, page 42)	Should	Clear statement on insurance claims – yes/no
12	Other information: Whether the owner has waived the exemption to charge VAT (opted to tax) (Section 4.5.1, page 42)	Should	Statement of whether owner has waived exemption to charge VAT Yes/no
13	The accounts should be approved by or on behalf of the landlord as complying with the following statements: the accounts produced represent the actual expenditure incurred by the owner in supplying the services to the building (section 4.5.3.2, page 43) and	Should	Clear statement – yes/no
14	That the expenditure the owner is seeking to recover is in accordance with the terms of the leases and where practicable, the provisions of the professional standard (section 4.5.3.2, page 43)	Should	Clear statement – yes/no
15	The approver should be an appropriately qualified and competent person with experience in dealing with service charges. The status of the person and the capacity in which they are acting should be made clear (section 4.5.3.2, p. 43)	Should	Clear statement of status and capacity – yes/no
16	Annual statements of service charge expenditure should be supported by an independent review of service charge accounts, such as specified with the ICAEW Technical Release (TECH 09/14 BL) [Accountants' reports on commercial property service charge accounts] (Section 3, principle 13, page 18)	Should	Includes an Independent Accountants' report – yes/no
17	Openness and transparency can be further enhanced by the inclusion of a balance sheet or cash reconciliation (Section 4.5.4, page 46)	Other	Binary coding – yes/no

Table 10: Metrics for assessing service charge accounting compliance with the RICS Professional Standard.

4.2 Compliance Results for Shopping Centres 2025

Table 11 (overleaf) provides the compliance results for each of the 16 “must” and “should” metrics for the 60 shopping centres analysed for SCOR 2025, together with the comparative results from SCOR 2023’s and SCOR 2022’s analyses of 42 and 50 shopping centres, respectively. This year’s compliance results for all four “must” requirements of the Professional Standard (metrics 1-4 in Table 11) were disappointing and comparatively worse than last year. While three of these “must” metrics are specifically listed under the Professional Standard list of “mandatory” requirements (RICS, 2018, p.9), the Professional Standard also “requires that [management] fees be set on a fixed-price basis” (RICS, 2018, p.14) so SCOR classifies this as a “must” rather than merely a “should”. In terms of these mandatory requirements, the provision of a full apportionment matrix achieved the highest compliance result of the four at 73.3% (SCOR 2023: 78.6%), with clearly disclosing that management “fees [were] set on a fixed-price basis” achieving the lowest at 51.7% (SCOR 2023: 78.6%). As this year’s compliance data were drawn from documents produced at a wider sample of 60 of the UK’s top 100 shopping centres, the results indicate widespread compliance issues and overall lack of transparency in dealing with the requirements of the Professional Standard.

In terms of the 12 “should” requirements, the overall results illustrate a slightly reduced commitment in abiding by the recommendations of the RICS Professional Standard, with only 3 of the 12 metrics exceeding compliance levels of 80% (SCOR 2023: 5 of 12 exceeded 80%). More detailed longitudinal analysis is required before compliance trends can be clearly established for the industry, but this year’s results are disappointing.

Compliance with 9 of the 12 “should” metrics show a reduction from last year, with the timeliness of the annual accounts (Metric 5) only achieving a compliance score of 20% this year due to both the late preparation of reconciliations and the lack of clear dating on documents. Compliance with certain of these “should” requirements is more critical than others, as some just establish basic standards for accounting presentation, comparability, and consistency. For the more critical metrics, such as stating whether accrual accounting or the cash basis was used (Metric 8), any level of non-compliance harms the overall quality of the resulting accounting document. Furthermore, poor compliance in any area suggests a departure from “best practice”, something the RICS is attempting to prevent in order to improve the overall relevance, reliability, and comparability of UK service charge accounts.

The “relatively” low level of compliance in certain critical areas, such as including a “statement that accrual or cash accounting used” (Metric 8: 70.0% this year, 83.2% in SCOR 2023) and to certify that the accounts represent actual expenditure incurred in supplying services in accordance with the lease (Metric 13: 73.3% and Metric 14: 46.7%, respectively), are concerning, since this information is essential for determining whether the accounts provide “true and fair” and faithfully representative information for occupiers. In terms of Metric 14, that the accounts “should include a “statement that the amounts seeking to be recovered are in accordance with the lease and where practicable the PS”, the accounting records for 9 of the 60 centres (15.0%) included a certification that referred to compliance with the RICS Professional Standard, but failed to mention that the expenditure seeking to be recovered was in accordance with the lease. The prevalence of this type of certification failure was little changed from last year (SCOR 2023: 16.7%), which is a growing concern. As the lease is the contractual document that governs the service charge agreement between the parties, it is vital that the certification wording states that all expenditure is being recovered in accordance with the terms of the lease, and additionally, where practicable, then refers to compliance with the RICS Professional Standard.

Compliance with Metric 16, that the accounts should be supported by an independent review in line with the ICAEW Technical Release, was 73.3% (SCOR 2023: 76.2%). Since many commercial leases do not include provisions requiring a year-end independent accounting review, this might appear to be a reasonable level of compliance. However, 9 of the 44 independent accountants’ reports (20.5%) included a qualified conclusion (i.e. opinion) regarding some area of accounting. Of these 9 qualified opinions, 8 related to the inappropriate use of accrual accounting and 1 for failure to provide the documents necessary for invoice testing. Last year, 18.5% of independent accounting reviews included a qualified opinion for inappropriate accrual amounts, so this year’s level of 18.2% indicates a worrying trend. In each situation, the sums inappropriately accrued were material, demonstrating the value of independent review and highlighting a potential service charge accounting issue requiring further investigation.

As 18.2% of the 73.3% of reconciliations that were independently reviewed included inappropriate use of accrual accounting, can one assume that similar misuse of accrual accounting occurred

within the 26.7% of reconciliations not subject to review by a professional accounting firm? The question has to be asked, especially as one reconciliation that was unaccompanied by a current period independent accountants' review, documented accrued expenditure in a prior period that was released as a credit as the accruals had proved excessive. SCOR's observations in this area indicate that accrual accounting continues to present a challenging issue for the commercial service charge sector, and managing parties need to do more to prevent inappropriate accruals being included for works not carried out in the relevant financial year.

Compliance with certain other "should" accounting requirements, such as providing the financial statements within four months of the year end (Metric 5: 20.0%), stating how insurance claims are accounted for (Metric 11: 30.3%), and that the person approving the accounts should be appropriately qualified and their status made clear (Metric 15: 70.0%), are not overly onerous requirements for professional managing parties, and it is surprising that compliance falls short in each of these areas.

In terms of the 17th metric, the inclusion of a balance sheet, only one document (1.7%) included such an accounting statement (SCOR 2023: 2.4%, again just one document), which is disappointing as a balance sheet provides transparency as to the magnitude of end-of-period assets, liabilities, and reserves. In addition, the provision of a balance sheet tracks the changes between opening and closing accrued and prepaid amounts (and any fund balances), benefits the auditing process, and assists during the handover of the service charge accounts to a new agent.

Figure 11 illustrates the overall compliance rankings for each of the 60 reconciliations against the 16 "must" and "should" metrics of the Professional Standard, together with comparison information from SCOR 2023 and SCOR 2022.

For this year's analysis, the mean and median compliance rankings per certificate were 10.6 and 12.0 out of 16, respectively (in SCOR 2023, 11.8 and 12.5, respectively).

While it is difficult to generalise from a sample of 60 centres, it is clear that compliance levels vary, although the majority of documents scored on the higher end of the ranking scale. Only 3 documents (5.0%) complied with all 16 requirements, but 10% complied with a total of three or fewer. 66.8% of documents complied with 10 or more metrics (83.3% in SCOR 2023), 80.1% complied with 8 or more metrics (85.7% in SCOR 2023), and only 13.3% complied with 4 or fewer of the requirements analysed (4.8% last year).

While these overall compliance "scores" for the 60 reconciliations appear weighted towards higher rankings, a disclaimer or caveat must be placed against some of these results. Of the 60 reconciliations, 4 that achieved a final ranking score of 14 or 15

Requirement	Must/ Should	SCOR 2022		SCOR 2023		SCOR 2025	
		Compliance out of 50		Compliance out of 42		Compliance out of 60	
		No.	%	No.	%	No	%
1. Fixed Management Fee	M	44	88.0%	33	78.6%	31	51.7%
2. Apportionment matrix is provided for each unit in the property	M	34	68.0%	33	78.6%	44	73.3%
3. Statement that service charge monies are held in one or more discrete bank accounts	M	29	58.0%	31	73.8%	38	63.3%
4. Interest earnt credited to the service charge account	M	38	76.0%	28	66.7%	39	65.0%
5. Timeliness Compliant (date) - annual accounts produced within four months of year end	S	14	28.0%	16	38.1%	12	20.0%
6. Cost Classes Used	S	47	94.0%	41	97.6%	54	90.0%
7. Cost Categories Used	S	42	84.0%	39	92.9%	56	93.3%
8. Statement that accrual accounting or cash basis used	S	41	82.0%	35	83.3%	42	70.0%
9. Schedule of accruals and prepayments.	S	32	64.0%	29	69.0%	43	71.7%
10. Description of Variances	S	49	98.0%	40	95.2%	54	90.0%
11. Statement about how insurance claims are accounted for	S	20	40.0%	21	50.0%	20	33.3%
12. Statement about whether owner has waived exemption to charge VAT	S	35	70.0%	36	85.7%	47	78.3%
13. Statement that accounts represent the actual expenditure incurred in supplying services	S	40	80.0%	30	71.4%	44	73.3%
14. Statement that amounts seeking to be recovered are in accordance with the lease and where practicable the PS	S	21	42.0%	23	54.8%	28	46.7%
15. Approver should be an appropriately qualified and qualified person. Status of person should be made clear	S	36	72.0%	30	71.4%	42	70.0%
16. Accounts should be supported by an independent review in line with ICAEW Technical Release	S	35	70.0%	32	76.2%	44	73.3%

Table 11: Compliance against 16 "must and "should" accounting requirements of the Professional Standard across three SCOR for Shopping Centre reports.

were given a qualified basis of conclusion within their respective independent accountants' reports for inappropriate use of accrual accounting. In all four cases, expenditure for the financial year included material accrued amounts for work not undertaken during that period. This observation reinforces the need for independent accounting scrutiny of service charge accounts and also suggests that compliance with all of the accounting requirements of the Professional Standard does not guarantee that a true and fair report of annual expenditure is presented to occupiers. SCOR's compliance analysis has also helped to reveal back-to-back instances of qualified accounting opinions for accruals-based accounting errors at certain centres, with no subsequent corrections, commentary, or prior year adjustments within the accounts. SCOR recommends that the upcoming second edition of the RICS Professional Standard should include guidance on how to issue accounting corrections in these circumstances, and the accounting firms involved need to go further in ensuring that such errors are prevented in the first place, or subsequently corrected in a transparent manner. While some parties in the industry seemingly view this as an insignificant issue, since inappropriate accruals for expenditure in one period are corrected once the associated work/service is actually performed, what happens if, for example, the work is never performed or one of the occupiers that contributed to this element of the service charge leaves the building? The Professional Standard clearly states that "where provision for future expenditure is to be made within the service charge accounts such sums should not be included as accruals", [as accruals] "are expenses for goods and services actually incurred in a period" (RICS, 2018, p. 32). If no expenditure has been incurred, costs should not be accrued in the service charge period, and where this does happen, an accounting adjustment must be made otherwise it negatively impacts the cash flow of occupiers.

The compliance results for SCOR for Shopping Centres 2025 are compared to those of prior editions in Table 12 and Figure 12. Although the sample of centres reviewed each year does experience some degree of variation and churn, each year's analysis only includes centres within the UK's top 100 by NLA.

What is clear from this research is that a process of continuous improvement is not taking place, with the adoption of RICS accounting requirements seemingly "stalled", even in terms of compliance with its four mandatory requirements.

While some managing parties are trying hard to improve the relevance, representational faithfulness, and comparability of information contained within service charge accounts, for many, further work is required to meet both the mandatory and "best practice" requirements contained in the Professional Standard. Year-end accounting reconciliations for UK shopping centres continue to grow in length but lack comparability, due to differences in presentation and the omission of key information about accounting principles and policies. The annual service charge accounts should present critical and comparable accounting information about service charge expenditure in a "RICS compliant" manner that embodies best practice, and the industry is not there yet.

SCOR will continue to monitor compliance against the key accounting aspects of the Professional Standard, and longitudinal compliance information will be included when sufficient trend data is available.

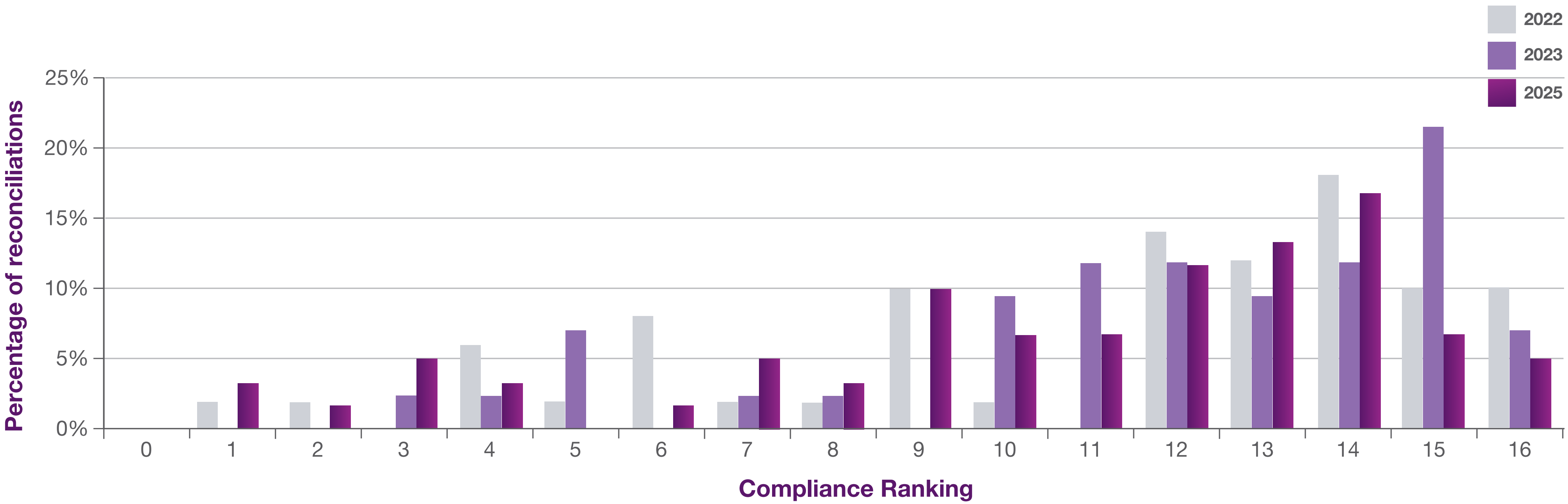


Figure 11: Compliance rankings against 16 accounting requirements of the Professional Standard: SCOR 2022, 2023 and 2025 data.

Metrics	SCOR 2022	SCOR 2023	SCOR 2025
Population	50	42	60
Mean	11.1	11.8	10.6
Lower quartile	9.0	10.3	9.0
Median	12.5	12.5	12.0
Upper quartile	14.0	15.0	14.0
Standard Deviation	4.1	3.5	4.0

Table 12. Descriptive statistics on the 16 compliance requirements across three years.

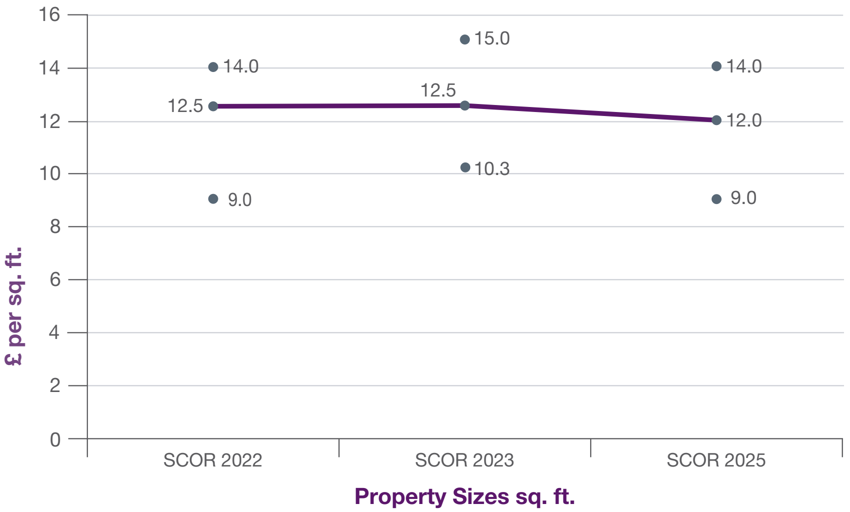


Figure 12. Quartiles of compliance with the 16 requirements across three years.

4.3 Comparative Compliance Results – Shopping Centres v Retail Parks v Offices

As SCOR for Shopping Centres has sister publications that monitor compliance in other areas, it is useful to compare the compliance results with those from UK multi-let retail parks and office buildings. SCOR for Retail Parks 2025 and SCOR for Offices 2025 included compliance results for the same time period and metrics as SCOR for Shopping Centres, and these comparative results are shown in Table 13.

In terms of drawing conclusions from the "sector based" comparative compliance analysis in Table 13, care must be taken, as the 60 properties used for the UK shopping centre analysis were all within the UK's top 100 UK shopping centres by NLA, and the 42 retail parks were all within the UK's 100 largest by NLA. However, the compliance data from the 57 UK offices merely represented the properties whose complete accounting documents were available for scrutiny by the researchers. As a result, the population of UK office buildings included accounting documents prepared by a wider range of providers, including a number of smaller operators and managing parties. In contrast, the retail park and shopping centre accounting documents were prepared by larger commercial managing agents, who should have greater resources and no doubt experience more occupier pressure to comply with the RICS's accounting requirements. Across the 16 metrics reported in Table 13, there are clear differences between the compliance levels in the retail and office sectors. In addition, the results for many metrics are largely consistent between shopping centres and retail parks, although there are differences in overall compliance.

What is clear is that improvement is needed in many areas of accounting presentation and transparency, across all three sectors. This is especially evident in terms of the results of Metric 16, since the independent accounting reports of 21.4%, 14.3%, and 10.3% of shopping centres, retail parks, and offices, respectively, included qualified opinions for accounting errors that mostly related to the inclusion of inappropriately accrued expenditure for works not conducted during the relevant accounting period. As was mentioned in the previous section of this document, this is now an ongoing issue that must be addressed by the UK accounting profession and the RICS, to either eliminate the practice or provide guidance on how to correct such accounting deficiencies in a transparent manner that does not financially disadvantage tenants. As has been discussed in prior SCOR reports, this need is enhanced by the fact that most commercial leases lack detailed accounting provisions that govern such issues. To date, across the whole UK commercial service charge sector analysed by SCOR, the researchers have not seen a single subsequent annual statement of expenditure formally correct, or restated accounts issued, at a property where a qualified independent accountants' opinion was given. While service charge accounts are not required to be prepared in accordance with UK Generally Accepted Accounting Practice (GAAP), Financial Reporting Standard (FRS) 102, para 10.21 states that "to the extent practicable, an entity shall correct a material prior period error retrospectively in the first financial statements authorised for issue after its discovery" (Financial Reporting Council, 2022) and such corrections should take the form of disclosures that identify and explain the error, along with providing details about the amount of the correction. This is clearly the norm in professional accountancy, and SCOR recommends that the second edition of the RICS Professional Standard require that any service charge accounting errors identified within an independent review be corrected in a similar manner. While it is obviously better to issue original accounts without accrual-related errors, there is urgent need to establish "best practice" principles for correcting material errors in service charge accounts.

While it is useful to compare overall compliance results for each of the 16 metrics across the three sectors, Figure 13 provides further comparative compliance analysis by reporting on the overall document "rankings" achieved in each sector's SCOR 2025 publications.

The overall compliance "scores" for the accounting documents at the 60 shopping centres were relatively weighted towards the higher end of the 16-metric ranking scale (66.8% achieved a ranking score of 10 or more) in a similar manner to that observed in the results for retail parks (69.0% achieved a ranking of 10 or higher). By way of contrast, the rankings for the accounting documents prepared for office buildings are much more varied, with a wider disparity in overall rankings, and a greater number of documents at the lower end of the compliance rankings. However, as was also apparent last year, compliance with the accounting requirements of the Professional Standard appears to have introduced a "boiler plate", "box ticking" mentality to compliance, and does not always guarantee that a true and fair report of annual expenditure is presented to occupiers. Each of SCOR 2025's three publications have highlighted that some of the very "best" annual accounting statements of expenditure (i.e. those complying with 14, 15 or even all 16 of the RICS accounting requirements) were given qualified opinions within their respective independent accountants reports for including inappropriate and material amounts of accrued expenditure. As a result, the same health warning should be repeated about using the "totality" of individual metrics as a proxy for assessing overall accounting quality, and to once again stress the importance of independent review and oversight of service charge accounts.

RICS Professional Statement - Compliance with 16 Must & Should Requirements		Compliance for 60 Shopping Centres		Compliance for 42 Retail Parks		Compliance for 57 Offices	
Requirement	Must/Should	No.	%	No.	%	No.	%
1. Fixed Management Fee	M	31	51.7%	30	71.4%	25	43.9%
2. Apportionment matrix is provided for each unit in the property	M	44	73.3%	33	78.6%	29	50.9%
3. Statement that service charge monies are held in one or more discrete bank accounts	M	38	63.3%	31	73.8%	30	52.6%
4. Interest earnt credited to the service charge account	M	39	65.0%	31	73.8%	23	40.4%
5. Timeliness Compliant (date) - annual accounts produced within four months of year end	S	12	20.0%	26	61.9%	25	43.9%
6. Cost Classes Used	S	54	90.0%	39	92.9%	40	70.2%
7. Cost Categories Used	S	56	93.3%	41	97.6%	47	82.5%
8. Statement that accrual accounting or cash basis used	S	42	70.0%	31	73.8%	34	59.6%
9. Schedule of accruals and prepayments.	S	43	71.7%	27*	65.9%	30	52.6%
10. Description of Variances	S	54	90.0%	36	85.7%	37	64.9%
11. Statement about how insurance claims are accounted for	S	20	33.3%	17	40.5%	22	38.6%
12. Statement about whether owner has waived exemption to charge VAT	S	47	78.3%	32	76.2%	34	59.6%
13. Statement that accounts represent the actual expenditure incurred in supplying services	S	44	73.3%	28	66.7%	27	47.4%
14. Statement that amounts seeking to be recovered are in accordance with the lease and where practicable the PS	S	28	46.7%	24	57.1%	23	40.4%
15. Approver should be an appropriately qualified and qualified person. Status of person should be made clear	S	42	70.0%	25	59.5%	25	43.9%
16. Accounts should be supported by an independent review in line with ICAEW Technical Release	S	44	73.3%	28	66.7%	29	50.9%
* As 1 certificate in SCOR for Retail Parks 2025 used the cash basis, metric 9 was ranked out of 41 certificates							
Includes a balance sheet		1	11.1%	0	0.0%	2	3.5%
Qualified basis for opinion within the independent accounting report		9	21.4%	4	14.3%	3	10.3%

Table 13: Comparative Compliance against 16 "must" and "should" accounting requirements of the Professional Standard.

4. Compliance with the Professional Standard

Figure 13: Compliance rankings against 16 accounting requirements of the Professional Standard

5. Analysis of Budgetary Accuracy of Service Charge Expenditure

Of the 60 reconciliations analysed for compliance, budgets for all 60 were available. The actual annual expenditure was compared with the original budgeted amount to assess the accuracy of service charge budgeting within the office sector.

The total actual expenditure for all 60 shopping centres was £431,153,182 while the budgeted amount was £440,291,006.

While the accuracy of the budget is vital for planning the cash flow commitment to service charges, recent levels of annual price inflation within the UK economy have made this process much more difficult. In addition, some service charge costs are difficult to predict. In terms of the centres analysed, the biggest underspends were a result of delayed major works, with the largest overspends attributed to Utilities together with Major works being introduced in year.

Table 14 shows the median, lower and upper quartiles and the mean of the variance between actual and budgeted service charge expenditure for the 60 centres in the sample.

For the sake of clarity, a negative variance indicates an underspend, i.e. the actual total service charge cost was less than was budgeted.

Figures 14.1 and 14.2 illustrate the variances between actual and budgeted expenditure across the 60 buildings in two different ways. Expenditure for 12 of the buildings was underbudget by between 15% and 5.01%, with 43 achieving an under or overspend of between -5% and +4.99%. Only 4 buildings had an overspend of between +5.00% and 14.99%. The median was an underspend of -1.53%.

Variance between actual and budgeted service charge expenditure	
Lower Quartile	-4.05%
Median	-1.53%
Upper Quartile	-0.06%
Mean	-2.27%

Table 14. Averages and quartiles of the percentage variance between actual versus budgeted service charge expenditure.

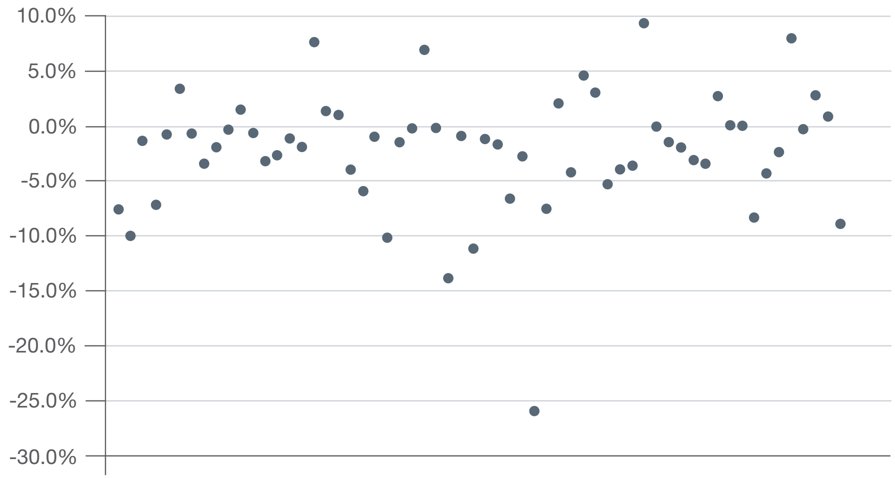


Figure 14.1. The percentage variance between actual versus budgeted service charge expenditure per centre, across all 60.

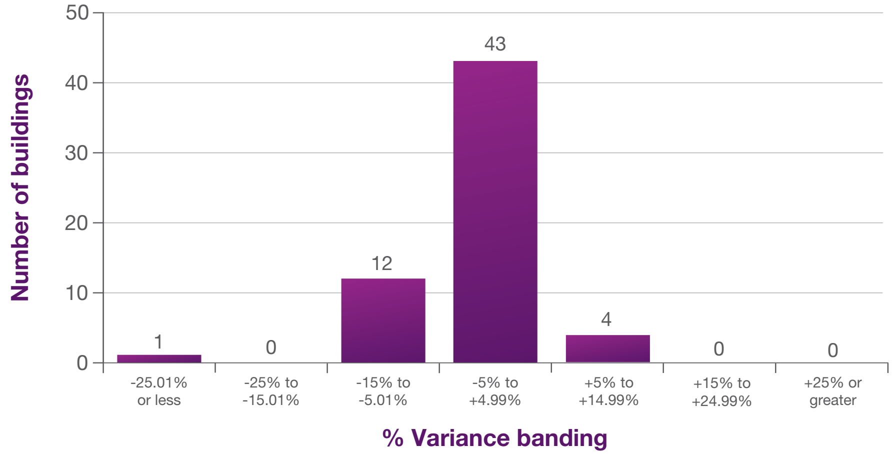


Figure 14.2. Distribution of percentage variances between actual versus budgeted service charge expenditure per centre, across all 60.

6. 2025 Shopping Centre Service Charges at a glance

In analysing the budgeted service charge costs for the fiscal year 2024 for 85 of the UK's 100 largest shopping centres in terms of total net lettable floor area, the results were as follows:

- The medians of the 2024 service charge costs for shopping centres in London and ROUK were £10.69 and £7.35 per sq. ft., respectively.
- The most significant RICS Cost Classes, in terms of budgeted costs, are Soft services, Management, and Hard services; representing 43%, 18%, and 17% of total budgeted costs, respectively.

At a glance, Tables 4 and 7 show the quartiles of Service charge budgeted costs across RICS Cost Classes and selected Cost Categories split between London and ROUK.

An analysis of service charge budgeted costs in ROUK showed that the age of a shopping centre did not have a material effect on its overall service charge costs or the way they were split across different RICS cost lines.

However, the size of a shopping centre, in ROUK, did have a material effect on the 2024 budgeted costs. The difference, in the medians of the budgeted service charge costs, from the smallest centres to the largest, was c. 82%.

The compliance results for SCOR's 16 "must" and "should" accounting requirements are once again disappointing, especially when one considers that many shopping centre landlords and managing agents are actively trying to improve occupier satisfaction. Supplying timely, transparent, comparable, and well-presented accounting information is essential for reducing the potential for disputes between tenants and landlords. However, SCOR's compliance results suggest that improvements in accounting are needed in many areas, especially in terms of:

- The timely delivery of annual service charge accounts.
- Providing a certifying statement that the amounts seeking to be recovered are in accordance with the lease.

Of the 73.3% of shopping centres where the accounts included an independent accountants' report, 20.5% (9 of 44) received a qualified opinion, with most resulting from the inclusion of accrued expenditure for work not conducted in the relevant accounting period. While these independent reviews are often produced for the benefit of the landlord and/or managing agent, the continual findings about the misuse of accrual accounting suggest that occupiers must routinely review these statements and scrutinise reconciliations and transaction lists (if available) for any annual service charge expenditure related to works and services not carried out during the service charge year. Such reviews may require third party professional assistance and the cooperation of managing parties but will ultimately help to reduce "hidden reserve accruals" being created at the tenants' expense.

£ Per sq. ft.	Lower quartile		Median		Upper quartile	
RICS Cost Class	London	ROUK	London	ROUK	London	ROUK
Management	1.27	0.99	1.83	1.29	2.42	1.89
Utilities	0.77	0.49	1.18	0.72	1.63	1.10
Soft services	3.52	2.22	4.12	3.08	5.68	4.17
Hard services	1.02	0.75	1.73	1.07	1.84	1.52
Insurance	0.02	0.01	0.03	0.03	0.07	0.05
Exceptional expenditure	0.65	0.41	1.08	0.90	1.94	1.61
Quartiles of total costs	6.85	5.17	10.69	7.35	13.91	9.37

Table 4. Service charge costs across RICS Cost Classes split between London and ROUK.

£ Per sq. ft.	Lower quartile		Median		Upper quartile	
RICS Cost Category	London	ROUK	London	ROUK	London	ROUK
Management fees	0.46	0.30	0.57	0.42	0.74	0.54
Site management resources	0.76	0.60	1.25	0.79	1.82	1.29
Electricity	0.74	0.40	1.09	0.59	1.48	0.92
Security	1.53	0.94	1.70	1.12	2.13	1.65
Cleaning and sustainability	1.43	0.98	1.92	1.35	2.58	1.80
Landscaping & environment	0.24	0.11	0.29	0.22	0.46	0.35
Marketing & promotions	0.03	0.10	0.25	0.21	0.49	0.39
Mechanical & electrical services	0.35	0.36	0.98	0.65	1.36	0.96
Lifts & escalators	0.06	0.06	0.15	0.11	0.26	0.15
Fabric repairs & maintenance	0.12	0.14	0.24	0.26	0.44	0.45
Major works	0.48	0.40	1.06	0.73	1.76	1.36
Quartiles of total costs	6.85	5.17	10.69	7.35	13.91	9.37

Table 7. Service charge costs across selected RICS Cost Categories split between London and ROUK.

SCOR reports also available for **Offices** and **Retail Parks**

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Service Charge Operating Report for Shopping Centres 2025

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Should you have any questions, please contact:

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