



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Battle Hospital**

**Oxford Road**

**Reading**

**RG30 1AP**

**Service Charge Budget Report**

**29<sup>th</sup> September 2017 to**

**28<sup>th</sup> September 2018**



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## **Introduction**

This report has been produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Ltd. It is intended to provide details of the planned expenditure for the service charge period 29<sup>th</sup> September 2017 to 28<sup>th</sup> September 2018.

Enclosed within this report is a copy of the Service Charge Variance Schedule and Service Charge Apportionment Schedule.

The service charge is administered having regard to RICS Practice Standards; Service Charges in Commercial Property; 3rd Edition, Code of Practice.

## **The Property**

The property is located off the A329 Oxford Road, which forms one of the main arterial routes into Reading from the west. The town centre is approximately 1 mile to the east and Reading West railway station lies less than ½ a mile to the east. Junction 4 of the M4 Motorway is approximately 3½ miles to the south.

The property is of steel framed construction with brick and clad elevations under a pitched roof. The main block, Cholsey House, is two storey with retail units to the ground floor and a mix of commercial and residential apartments to the first floor. Adjoining Cholsey House is the entrance to Winterbrook House, which provides housing association apartments above the Tesco Extra store.

An archway through Cholsey House gives access to a secure gated car park to the rear. The car park is shared between the residential occupiers and the commercial offices on the first floor of Cholsey House.

A secondary open car park is located to the front of the property for the benefit of the customers of the commercial units. This area has not been included within the service charge previously, but will be from the commencement of this year.

The communal services provided at the property consist of the cleaning and landscaping to both car parks, the external upkeep and maintenance of Cholsey House & Winterbrook House and the fire alarm to the first floor of Cholsey House. Tesco is directly responsible for their store and the areas immediately surrounding it.

## **Service Charge Objectives**

The objective of Johnson Fellows as Managing Agent is to provide a high quality management service. In so doing we aim to provide a well maintained environment, delivering value for money for the service charge expenditure.

The objective of this budget report is to provide a clear explanation for recovery of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency and to allow the tenants to budget accurately for the forthcoming period.

Should any occupier have comments on the format, or the information contained in this report which would assist in the report being improved for the benefit of all concerned, these comments would be welcomed. We would also welcome constructive feedback on the communal services provided at the property.



## **VAT**

The property is elected for VAT.

The VAT on the service charge expenditure attributable to the residential elements of the property cannot be recovered, so the gross expenditure is applied. The VAT on the commercial expenditure can be recovered, consequently the net costs plus VAT are applied, enabling the commercial leaseholders to recover the VAT charged to them.

## **Voids and Concessions**

Where any void units exist, the responsibility for the service charge rests with the Landlord. There are currently no voids.

## **Banking**

Due to the general level of service charge funds, they are not maintained within a discrete bank account. The funds are held within the Johnson Fellows Clients Account which is maintained with Barclays Bank plc. As a consequence the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.

Interest charged on the late payment of service charge by tenants is to be credited to the service charge.

## **Reserve Fund**

There is no reserve fund.



## **Service Charge Apportionment**

The apportionment for each schedule is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

Schedule One:	Rear Car Park – Residential (Gross)
Schedule Two:	Cholsey House Building – Commercial (Net)
Schedule Three:	Cholsey House Building – Residential (Gross)
Schedule Four:	Upper Floor Cholsey House – Commercial (Net)
Schedule Five:	Upper Floor Cholsey House – Residential (Gross)
Schedule Six:	Winterbrook House Building – Residential (Gross)
Schedule Seven:	Front Car Park – Commercial (Net)
Schedule Eight:	Rear Car Park – Commercial (Net)

There are eight separate schedules set up for the commencement of the new service charge year. A new schedule has been added for the front car park, which was previously unmaintained. Additional schedules have also been added for 'Rear Car Park', 'Cholsey House Building' and 'Upper Floor Cholsey House' to reflect the split of the shared costs between the commercial and residential elements. The rationale behind our splitting the shared costs for the residential and commercial leaseholders is purely due to VAT. Residential properties are not able to recover VAT, therefore the expenditure detailed is inclusive of VAT (Gross). The commercial leaseholders are able to recover VAT, therefore the expenditure for the commercial element is net of VAT.

The two residential elements and the first floor offices of Cholsey House contribute towards Schedules One and Eight. The apportionment is based on the number of car spaces allocated and the costs are split between the two schedules on a commercial/residential (net/gross) basis. This is a change for the new year and reflects the benefit and usage of the car park. Schedules Two and Three are contributed towards by all occupiers of Cholsey House. The costs are apportioned based on floor area and are split between the two schedules on a commercial/residential (net/gross) basis. Schedules four and five are for the first floor commercial and residential accommodation of Cholsey House. These are again apportioned based on floor area and split between the two schedules on a commercial/residential (net/gross) basis. Schedule Six is solely contributed towards by Southern Housing and on a gross basis. Schedule Seven, which is for the benefit of the commercial occupiers of Cholsey House, is also apportioned based on floor area and is net of VAT.

Costs that are shared between several schedules for items such as Management and Auditors Fees have been apportioned between the schedules based approximately on the total expenditure within each schedule.



## **Management Team**

### Facilities Manager:

Chris Monteith  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Direct Dial: 0121 234 0409  
Mobile: 07786 072 755  
Email: [chris.monteith@johnsonfellows.co.uk](mailto:chris.monteith@johnsonfellows.co.uk)

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

### Management Surveyor:

Ian Starbuck  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Direct Dial: 0121 234 0462  
Mobile: 07887 745 635  
Email: [ian.starbuck@johnsonfellows.co.uk](mailto:ian.starbuck@johnsonfellows.co.uk)

Ian Starbuck is responsible for the overall management of the property.

### Service Charge Accountant:

Rebecca Glover  
Client Accounts  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Direct Dial: 0121 234 0405  
Email: [rebecca.glover@johnsonfellows.co.uk](mailto:rebecca.glover@johnsonfellows.co.uk)

Rebecca Glover is the client accountant responsible for this property.



## **Budget Commentary**

### **SCHEDULE 1 (Residential 90.90% Gross) & SCHEDULE 8 (Commercial 9.10% Net) – REAR CAR PARK**

	<b>Schedule 1</b>	<b>Schedule 8</b>	<b>Total (Net)</b>
• <b>Utilities</b>	<b>£1,090.80</b>	<b>£91.00</b>	<b>£1,000.00</b>

The cost heading is for the electricity consumption within the rear car park for the lighting and automatic gates. The supply is linked with Tesco's electricity meter. Previously an estimated sum of £500 has been collected. This cost has again been adopted, but a sum for fitting a submeter has also been included, to allow for accurate consumption monitoring moving forward.

• <b>Cleaning &amp; Landscaping</b>	<b>£4,908.60</b>	<b>£409.50</b>	<b>£4,500.00</b>
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The cost heading is for the landscaping and litter pick contract, together with a sum for ad-hoc landscaping repairs. The budget has been maintained at the same level.

• <b>Pest Control</b>	<b>£654.48</b>	<b>£54.60</b>	<b>£600.00</b>
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The budget reflects the cost of the pest control contract for the rear car park. It has been maintained at the same level.

• <b>Snow Clearance &amp; Gritting</b>	<b>£3,272.40</b>	<b>£273.00</b>	<b>£3,000.00</b>
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The budget provides for the anticipated cost for gritting the car park. This has been reduced for the new year with the intention of re-tendering the service.

• <b>Mechanical &amp; Electrical Maintenance</b>	<b>£763.56</b>	<b>£63.70</b>	<b>£700.00</b>
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The cost heading is for the maintenance contract for the electronic car park gates. It has been maintained at the same level.

• <b>Mechanical &amp; Electrical Repairs</b>	<b>£2,727.00</b>	<b>£227.50</b>	<b>£2,500.00</b>
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The budget figure allows for unforeseen repairs to the car park gate and for other electrical maintenance within the car park. It has been maintained at the same level.

• <b>External Maintenance</b>	<b>£1,090.80</b>	<b>£91.00</b>	<b>£1,000.00</b>
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The budget provides for any repairs required to the car park surface and structure. It has been reduced for the new year.





**SCHEDULE 2 (Commercial 64.24% Net) & SCHEDULE 3 (Residential 35.76% Gross)  
– CHOLSEY HOUSE BUILDING**

	<b>Schedule 2</b>	<b>Schedule 3</b>	<b>Total (Net)</b>
• <b>Cleaning</b>	<b>£642.40</b>	<b>£429.12</b>	<b>£1,000.00</b>

The cost heading provides for the annual cleaning of the gutters, together with cherry picker hire. The budget has been reduced for the current year following completion of the elevation cleaning.

• <b>Building Repair</b>	<b>£963.60</b>	<b>£643.68</b>	<b>£1,500.00</b>
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The budget provides a contingency sum for any unexpected external repairs that may need to be carried out to the structure.

• <b>Management Fee</b>	<b>£219.70</b>	<b>£146.76</b>	<b>£342.00</b>
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This figure represents the costs incurred for the management of the property and the administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation. The total fixed fee has been set at £4,500.00, which is an increase over the previous year due to the increased services that are now provided. It is split between all schedules.

• <b>Audit Fee</b>	<b>£24.41</b>	<b>£16.31</b>	<b>£38.00</b>
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The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The Accountants fee for certifying the year end service charge account is £500.00. This has been split between all schedules.

• <b>Site Staff Costs</b>	<b>£122.06</b>	<b>£81.53</b>	<b>£190.00</b>
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The figure represents the costs incurred for periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance. The total fixed fee is £2,500.00 and is split between all schedules.

• <b>Health &amp; Safety</b>	<b>£96.52</b>	<b>£64.48</b>	<b>£150.25</b>
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This figure represents the cost for the completion of a Health & Safety Audit Report including recommendations and actions. The total cost of £1,250 has been apportioned between Schedules 1, 2, 3 & 7.

**Total**

<b>Schedules 2 &amp; 3</b>			<b>£3,220.25</b>
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**SCHEDULE 4 (Commercial 26.86% Net) & SCHEDULE 5 (Residential 73.14% Gross)  
– UPPER FLOOR CHOLSEY HOUSE**

	<b>Schedule 4</b>	<b>Schedule 5</b>	<b>Total (Net)</b>
• <b>Fire Prevention</b>	<b>£671.50</b>	<b>£2,194.20</b>	<b>£2,500.00</b>

The cost heading provides for the maintenance contract and weekly testing of the fire alarm linked between the first floor commercial unit and the residential flats. Also included is the annual smoke vent maintenance.

• <b>Management Fee</b>	<b>£91.86</b>	<b>£300.17</b>	<b>£342.00</b>
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This figure represents the costs incurred for the management of the property and the administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation. The total fixed fee has been set at £4,500.00, which is an increase over the previous year due to the increased services that are now provided. It is split between all schedules.

• <b>Audit Fee</b>	<b>£10.21</b>	<b>£33.35</b>	<b>£38.00</b>
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The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The Accountants fee for certifying the year end service charge account is £500.00. This has been split between all schedules.

• <b>Site Staff Costs</b>	<b>£51.03</b>	<b>£166.76</b>	<b>£190.00</b>
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The figure represents the costs incurred for periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance. The total fixed fee is £2,500.00 and is split between all schedules.

**Total**

<b>Schedules 4 &amp; 5</b>			<b>£3,070.00</b>
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**SCHEDULE 6 (Residential 100.00% Gross) – WINTERBROOK HOUSE BUILDING**

- **Window Cleaning** **£1,200.00**

The cost heading provides for quarterly window cleaning. The budget has been maintained at the same level.

- **Access Equipment** **£1,200.00**

The budget provides for the annual maintenance of the mansafe system in respect of the window cleaning.

- **External Maintenance** **£3,000.00**

The cost heading provides a contingency sum for any unexpected external repairs that may need to be carried out to the structure. The budget has been maintained at the same level.

- **Insurance** **£6,120.00**

The budget provides for the annual buildings insurance premium. The budget figure is based on the premium for the previous year.

- **Management Fee** **£1,575.18**

This figure represents the costs incurred for the management of the property and the administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation. The total fixed fee has been set at £4,500.00, which is an increase over the previous year due to the increased services that are now provided. It is split between all schedules.

- **Audit Fee** **£175.02**

The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The Accountants fee for certifying the year end service charge account is £500.00. This has been split between all schedules.

- **Site Staff Costs** **£875.10**

The figure represents the costs incurred for periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance. The total fixed fee is £2,500.00 and is split between all schedules.

**Total**

- Schedule 6** **£14,145.30**



**SCHEDULE 7 (Commercial 100% Net) – FRONT CAR PARK**

- **Landscaping** **£2,500.00**

The heading is for the anticipated cost of the landscaping and litter pick contract.

- **Cleaning** **£500.00**

The heading is for the ad-hoc cleaning works that may be required to the commercial bin store at the rear of the property.

- **Car Park Maintenance** **£2,000.00**

The cost heading provides for repairs to the car park surface and structure. It has been noted that the blockwork requires re-setting in several places.

- **Management Fee** **£684.00**

This figure represents the costs incurred for the management of the property and the administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation. The total fixed fee has been set at £4,500.00, which is an increase over the previous year due to the increased services that are now provided. It is split between all schedules.

- **Audit Fee** **£76.00**

The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The Accountants fee for certifying the year end service charge account is £500.00. This has been split between all schedules.

- **Site Staff Costs** **£380.00**

The figure represents the costs incurred for periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance. The total fixed fee is £2,500.00 and is split between all schedules.

- **Health & Safety** **£300.50**

This figure represents the cost for the completion of a Health & Safety Audit Report including recommendations and actions. The total cost of £1,250 has been apportioned between Schedules 1, 2, 3 & 7.

**Total**

**Schedule 7** **£6,440.50**



.....  
Facilities Manager

Dated 14<sup>th</sup> November 2017

.....  
Partner

Dated 14<sup>th</sup> November 2017



## Appendix A

### Battle Hospital, Oxford Road, Reading

#### Service Charge Apportionment Schedule

#### 29th September 2017 to 28th September 2018

Unit	Floor Area Sq Ft	Schedule 1	Schedule 8	Schedule 2	Schedule 3	Schedule 4	Schedule 5	Schedule 6	Schedule 7
1 Choisey House	1,820	0.00%	0.00%	15.33%	0.00%	0.00%	0.00%	0.00%	15.33%
2 Choisey House	1,710	0.00%	0.00%	14.40%	0.00%	0.00%	0.00%	0.00%	14.40%
3 Choisey House	1,506	0.00%	0.00%	12.68%	0.00%	0.00%	0.00%	0.00%	12.68%
4 Choisey House	680	0.00%	0.00%	5.73%	0.00%	0.00%	0.00%	0.00%	5.73%
5 Choisey House	743	0.00%	0.00%	6.26%	0.00%	0.00%	0.00%	0.00%	6.26%
6 Choisey House	1,545	0.00%	0.00%	13.01%	0.00%	0.00%	0.00%	0.00%	13.01%
7 Choisey House	1,442	0.00%	0.00%	12.14%	0.00%	0.00%	0.00%	0.00%	12.14%
8 Choisey House	2,428	0.00%	100.00%	20.45%	0.00%	100.00%	0.00%	0.00%	20.45%
Choisey House Residential	6,611	32.60%	0.00%	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%
Winterbrock House	-	67.50%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
	18,485	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

- Schedule 1 - Rear Car Park - Resi (Gross)
- Schedule 8 - Rear Car Park - Com (Net)
- Schedule 2 - Choisey House - Com (Net)
- Schedule 3 - Choisey House - Resi (Gross)
- Schedule 4 - Upper Floor Choisey House - Com (Net)
- Schedule 5 - Upper Floor Choisey House - Resi (Gross)
- Schedule 6 - Winterbrock House - Resi (Gross)
- Schedule 7 - Front Car Park - Com (Net)



**Appendix B**

**Battle Hospital, Oxford Road, Reading**

**Service Charge Variance Schedule**

**29th September 2017 to 28th September 2018**

The property is VAT registered.

Service Charge Item	Schedule	Budget 2017/2018	
Utilities	1	£	1,090.80
Landscaping	1	£	4,908.60
Pest Control	1	£	654.48
Snow Clearance & Gritting	1	£	3,272.40
M&E Maintenance	1	£	763.56
M&E Repairs	1	£	2,727.00
Car Park Maintenance	1	£	1,090.80
Management Fee	1	£	1,984.55
Audit Fee	1	£	220.51
Staff Site Costs	1	£	1,102.53
Health & Safety	1	£	871.82
<b>1 Total</b>		<b>£</b>	<b>16,492.19</b>
Utilities	8	£	91.00
Landscaping	8	£	409.50
Pest Control	8	£	54.60
Snow Clearance & Gritting	8	£	273.00
M&E Maintenance	8	£	63.70
M&E Repairs	8	£	227.50
Car Park Maintenance	8	£	91.00
Management Fee	8	£	165.56
Audit Fee	8	£	18.40
Staff Site Costs	8	£	91.98
Health & Safety	8	£	72.73
<b>8 Total</b>		<b>£</b>	<b>1,558.97</b>
Cleaning	2	£	642.40
Building Repair	2	£	963.60
Management Fee	2	£	219.70
Audit Fee	2	£	24.41
Staff Site Costs	2	£	122.06
Health & Safety	2	£	96.52
<b>2 Total</b>		<b>£</b>	<b>2,068.69</b>
Cleaning	3	£	429.12
Building Repair	3	£	643.68
Management Fee	3	£	146.76
Audit Fee	3	£	16.31
Staff Site Costs	3	£	81.53
Health & Safety	3	£	64.48
<b>3 Total</b>		<b>£</b>	<b>1,381.88</b>



Fire Prevention	4	£	671.50
Management Fee	4	£	91.86
Audit Fee	4	£	10.21
Staff Site Costs	4	£	51.03
<b>4 Total</b>		<b>£</b>	<b>824.60</b>
Fire Prevention	5	£	2,194.20
Management Fee	5	£	300.17
Audit Fee	5	£	33.35
Staff Site Costs	5	£	166.76
<b>5 Total</b>		<b>£</b>	<b>2,694.48</b>
Window Cleaning	6	£	1,200.00
Access Equipment	6	£	1,200.00
External Maintenance	6	£	3,000.00
Insurance	6	£	6,120.00
Management Fee	6	£	1,575.18
Audit Fee	6	£	175.02
Staff Site Costs	6	£	875.10
<b>6 Total</b>		<b>£</b>	<b>14,145.30</b>
Landscaping	7	£	2,500.00
Cleaning	7	£	500.00
Car Park Maintenance	7	£	2,000.00
Management Fee	7	£	684.00
Audit Fee	7	£	76.00
Staff Site Costs	7	£	380.00
Health & Safety	7	£	300.50
<b>7 Total</b>		<b>£</b>	<b>6,440.50</b>

- Schedule 1 - Rear Car Park - Resi (Gross)
- Schedule 8 - Rear Car Park - Com (Net)
- Schedule 2 - Cholsey House - Com (Net)
- Schedule 3 - Cholsey House - Resi (Gross)
- Schedule 4 - Upper Floor Cholsey House - Com (Net)
- Schedule 5 - Upper Floor Cholsey House - Resi (Gross)
- Schedule 6 - Winterbrook House - Resi (Gross)
- Schedule 7 - Front Car Park - Com (Net)