



Battle Hospital

Oxford Road

Reading

RG30 1AP

Service Charge Budget Report

29th September 2023 to

28th September 2024



Contents

Introduction

The Property

Service Charge Objectives

VAT

Voids and Concessions

Banking

Reserve Fund

Service Charge Apportionment

Management Team

Budget Commentary

Budget Approval

Appendices

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule

Johnson Fellows. Charter House, Newhall Street, Birmingham, B3 1SW





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 29th September 2023 to 28th September 2024.

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 Professional Statement; Service Charges in Commercial Property; 1st Edition.

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.

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.

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. 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. 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 net expenditure within each schedule.



Management Team

Facilities Manager:

Robert Scott
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0407
Mobile: 07540 732 602
Email: robert.scott@johnsonfellows.co.uk

Robert Scott is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Tina Hothi
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07597 089316
Email: tina.hothi@johnsonfellows.co.uk

Tina Hothi 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

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

	Schedule 1	Schedule 8	Total (Net)
• Pest Control	£818.10	£68.25	£750.00

The budget reflects the cost of the pest control contract for the rear car park. It has been maintained at the same level.

• Car Park Maintenance	£3,272.40	£273.00	£3,000.00
-------------------------------	------------------	----------------	------------------

The budget provides for any repairs required to the car park surface and structure and the annual drainage flush through. It has been maintained at the same level for the new year.

• Cleaning & Landscaping	£3,163.32	£263.90	£2,900.00
-------------------------------------	------------------	----------------	------------------

The cost heading is for the landscaping and litter pick contract, together with a sum for ad-hoc landscaping repairs and weed treatment. The contract has been maintained at the same level.

• Snow Clearance & Gritting	£954.45	£79.63	£875.00
--	----------------	---------------	----------------

The budget provides for the anticipated cost for gritting the car park, with 25 visits estimated. It has been maintained at the same level.

• Utilities	£763.56	£63.70	£700.00
--------------------	----------------	---------------	----------------

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 and monitored via a sub meter. The budget has been increased due to the rise in utility costs.

• Mechanical & Electrical Maintenance	£763.56	£63.70	£700.00
--	----------------	---------------	----------------

The cost heading is for the maintenance contract for the electronic car park gates. It has been maintained at the same level.

• Mechanical & Electrical Repairs	£3,272.40	£273.00	£3,000.00
--	------------------	----------------	------------------

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.

• Health & Safety	£750.16	£62.58	£812.74
------------------------------	----------------	---------------	----------------

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 maintained at the same level and is apportioned between Schedules 1, 2, 3, 7 & 8. 55.02% has been allocated to these schedules.



- **Site Staff Costs (Facilities Management)** **£905.43** **£75.54** **£830.06**

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 has been increased to **£3,126.00** in line with the Retail Prices Index and is split between all schedules.

- **Audit Fee** **£199.23** **£16.62** **£215.85**

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 **£750.00**.

- **Management Fee** **£1,629.52** **£135.94** **£1,765.46**

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 increased to **£6,134.18** in line with the Retail Prices Index and 24.35% has been allocated to these schedules.

Total

Schedules 1 & 8 **£17,867.99**



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

	Schedule 2	Schedule 3	Total (Net)
• Cleaning	£803.00	£536.40	£1,250.00

The cost heading provides for the annual cleaning of the gutters and fascia's, together with cherry picker hire. It has been reduced based on last year's expenditure.

• Building Repair	£1963.60	£643.68	£2,607.28
--------------------------	-----------------	----------------	------------------

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

• Health & Safety	£159.55	£62.58	£222.13
------------------------------	----------------	---------------	----------------

This figure represents the cost for the completion of a Health & Safety Audit Report including recommendations and actions. The total cost of **£1,250.00** has been maintained at the same level and is apportioned between Schedules 1, 2, 3, 7 & 8. 17.30% has been allocated to these schedules.

• Site Staff Costs	£192.57	£82.14	£274.71
---------------------------	----------------	---------------	----------------

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 has been increased to **£3,408.40** in line with the Retail Prices Index and is split between all schedules.

• Audit Fee	£42.37	£15.06	£57.43
--------------------	---------------	---------------	---------------

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 **£750.00**.

• Management Fee	£346.58	£147.83	£494.41
-------------------------	----------------	----------------	----------------

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 increased to **£6,134.18** in line with Retail Prices Index and 7.66% has been allocated to these schedules.

Total

Schedules 2 & 3			£4,995.36
----------------------------	--	--	------------------



**SCHEDULE 4 (Commercial 26.86% Net) & SCHEDULE 5 (Residential 73.14% Gross)
– UPPER FLOOR CHOLSEY HOUSE**

	Schedule 4	Schedule 5	Total (Net)
• Fire Prevention	£402.90	£1,316.52	£1,500.00

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. There is also a small contingency for any unforeseen issues. It has been increased for the new year to also allow for the testing of the lightning protection system.

• Site Staff Costs	£28.04	£91.64	£119.68
--------------------	--------	--------	---------

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 has been increased to **£3,126.00** in line with the Retail Prices Index and is split between all schedules.

• Audit Fee	£6.17	£20.16	£26.33
-------------	-------	--------	--------

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 **£750.00**. This has been split between all schedules. 4.44% has been allocated to these schedules.

• Management Fee	£50.47	£137.44	£187.91
------------------	--------	---------	---------

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 increased to **£6,134.18** in line with the Retail Prices Index and 24.35 has been allocated to these schedules.

Total

Schedules 4 & 5	£2,053.34
-----------------	-----------



SCHEDULE 6 (Residential 100.00% Gross) – WINTERBROOK HOUSE BUILDING

- **Window Cleaning** **£1,200.00**

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

- **External Maintenance** **£8,400.00**

The cost heading provides a contingency sum for any external repairs that may need to be carried out to the structure, plus the annual test for the lightning conductor. It has been maintained at the same level due to a need to complete a program of roof cleaning works.

- **Access Equipment** **£750.00**

The budget provides for the annual maintenance of the mansafe system in respect of the window cleaning. It has been maintained at the same level.

- **Site Staff Costs** **£2,154.32**

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 has been increased to **£3,408.40** in line with the Retail Prices Index and is split between all schedules.

- **Adhoc Miscellaneous/Fly Tipping** **£3,600.00**

The figure represents the costs incurred for periodic cleaning; removal of fly tipping and any other adhoc works required on the site.

- **Onsite Security** **£21,600**

The figure represents the costs incurred for site security, due to ongoing issues with anti-social behaviour periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance. The total fixed fee has been increased to **£3,408.40** in line with the Retail Prices Index and is split between all schedules.

- **Insurance** **£6,000.00**

The budget provides for the annual buildings insurance premium. The budget figure has been reduced based on last years premium.

- **Audit Fee** **£474.05**

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 **£750.00**. This has been split between all schedules. 34.39% has been allocated to these schedules.

- **Management Fee** **£3,230.99**



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 increased to **£6,134.18** in line with the Retail Prices Index and 52.67% has been allocated to this schedule.

Total

Schedule 6

£47,409.36



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

- **Cleaning & Landscaping** **£3,000.00**

The costs allow for the landscaping, litter pick contract, together with a sum for ad-hoc landscaping repairs and weed treatment. The budget has been maintained at the same level for the new year.

- **Car Park Maintenance** **£3,000.00**

The cost heading provides for repairs to the car park surface and the cleaning out of the drainage points. It has been maintained at the same level for the new year due to the need to complete ongoing block paving works.

- **Health & Safety** **£346.02**

This figure represents the cost for the completion of a Health & Safety Audit Report including recommendations and actions. The total cost of **£1,250.00** has been maintained at the same level and is apportioned between Schedules 1, 2, 3, 7 & 8.

- **Site Staff Costs** **£417.64**

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 has been increased to **£3,126.00** in line with the Retail Prices Index and is split between all schedules. 17.75% has been allocated to these schedules.

- **Audit Fee** **£91.90**

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 **£750.00**. This has been split between all schedules. 17.75% has been allocated to these schedules.

- **Management Fee** **£751.64**

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 increased to **£5,626.00** in line with the Retail Prices Index and 12.25% has been allocated to this schedule.

Total

Schedule 7 **£7,607.20**



Budget Approval

A handwritten signature in black ink, appearing to read 'G. Lantieri'.

.....
Facilities Manager

Dated 18th September 2023

A handwritten signature in black ink, appearing to read 'P. Davis'.

.....
Associate Partner

Dated 18th September 2023



Appendix A

Bartle Hospital, Oxford Road, Reading									
Service Charge Apportionment Schedule									
29th September 2022 to 28th September 2023									
Unit	Floor Area Sq Ft	Schedule 1	Schedule 2	Schedule 3	Schedule 4	Schedule 5	Schedule 6	Schedule 7	Schedule 8
1 Choisey House	1,820	0.00%	15.33%	0.00%	0.00%	0.00%	0.00%	15.33%	0.00%
2 Choisey House	1,710	0.00%	14.40%	0.00%	0.00%	0.00%	0.00%	14.40%	0.00%
3 Choisey House	1,506	0.00%	12.68%	0.00%	0.00%	0.00%	0.00%	12.68%	0.00%
4 Choisey House	680	0.00%	5.73%	0.00%	0.00%	0.00%	0.00%	5.73%	0.00%
5 Choisey House	743	0.00%	6.26%	0.00%	0.00%	0.00%	0.00%	6.26%	0.00%
6 Choisey House	1,545	0.00%	13.01%	0.00%	0.00%	0.00%	0.00%	13.01%	0.00%
7 Choisey House	1,442	0.00%	12.14%	0.00%	0.00%	0.00%	0.00%	12.14%	0.00%
8 Choisey House	2,428	0.00%	20.45%	0.00%	100.00%	0.00%	0.00%	20.45%	100.00%
Choisey House Residential	6,611	32.50%	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%
Winterbrook House	-	67.50%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	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 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 - Winterbrook House - Resi (Gross)

Schedule 7 - Front Car Park - Com (Net)

Schedule 8 - Rear Car Park - Com (Net)



Battle Hospital, Oxford Road, Reading			
Service Charge Variance Schedule			
29th September 2023 to 28th September 2024			
The property is VAT registered.			
Service Charge Item	Schedule	Budget 2022/2023	Budget 2023/2024
Pest Control	1	£ 818.10	£ 818.10
Car Park Maintenance	1	£ 3,272.40	£ 3,272.40
Landscaping	1	£ 3,163.32	£ 3,163.32
Snow Clearance & Gritting	1	£ 954.45	£ 954.45
Utilities	1	£ 763.56	£ 763.56
M&E Maintenance	1	£ 763.56	£ 763.56
M&E Repairs	1	£ 3,272.40	£ 3,272.40
Health & Safety	1	£ 790.56	£ 750.16
Staff Site Costs	1	£ 1,202.99	£ 905.43
Audit Fee	1	£ 288.63	£ 199.23
Management Fee	1	£ 2,165.07	£ 1,629.52
1 Total		£ 17,455.04	£ 16,492.13
Cleaning	2	£ 803.00	£ 803.00
Building Repair	2	£ 963.60	£ 1,963.60
Health & Safety	2	£ 106.80	£ 159.55
Staff Site Costs	2	£ 163.47	£ 192.57
Audit Fee	2	£ 39.22	£ 42.37
Management Fee	2	£ 294.19	£ 346.58
2 Total		£ 2,370.28	£ 3,507.67
Cleaning	3	£ 536.40	£ 536.40
Building Repair	3	£ 643.68	£ 643.68
Health & Safety	3	£ 71.34	£ 62.58
Staff Site Costs	3	£ 109.19	£ 82.14
Audit Fee	3	£ 26.20	£ 15.06
Management Fee	3	£ 196.52	£ 147.83
3 Total		£ 1,583.33	£ 1,487.69
Fire Prevention	4	£ 402.90	£ 402.90
Staff Site Costs	4	£ 37.28	£ 28.04
Audit Fee	4	£ 8.94	£ 6.17
Management Fee	4	£ 67.09	£ 50.47
4 Total		£ 516.21	£ 487.58
Fire Prevention	5	£ 1,316.52	£ 1,316.52
Staff Site Costs	5	£ 121.81	£ 91.64
Audit Fee	5	£ 29.23	£ 20.16
Management Fee	5	£ 219.24	£ 137.44
5 Total		£ 1,686.80	£ 1,565.76
Window Cleaning	6	£ 1,200.00	£ 1,200.00
External Maintenance	6	£ 6,000.00	£ 8,400.00
Access Equipment	6	£ 750.00	£ 750.00
Insurance	6	£ 6,000.00	£ 6,000.00
Onsite Security	6	£ -	£ 21,600.00
Adhoc Miscellaneous/fly tipping	6	£ -	£ 3,600.00
Staff Site Costs	6	£ 1,290.04	£ 2,154.32
Audit Fee	6	£ 309.51	£ 474.05
Management Fee	6	£ 2,321.74	£ 3,230.99
6 Total		£ 17,871.29	£ 47,409.36
Cleaning & Landscaping	7	£ 3,000.00	£ 3,000.00
Car Park Maintenance	7	£ 3,000.00	£ 3,000.00
Health & Safety	7	£ 362.75	£ 346.02
Staff Site Costs	7	£ 554.87	£ 417.64
Audit Fee	7	£ 133.13	£ 91.90
Management Fee	7	£ 998.62	£ 751.64
7 Total		£ 8,049.37	£ 7,607.20
Pest Control	8	£ 68.25	£ 68.25
Car Park Maintenance	8	£ 273.00	£ 273.00
Landscaping	8	£ 263.90	£ 263.90
Snow Clearance & Gritting	8	£ 79.63	£ 79.63
Utilities	8	£ 63.70	£ 63.70
M&E Maintenance	8	£ 63.70	£ 63.70
M&E Repairs	8	£ 273.00	£ 273.00
Health & Safety	8	£ 65.95	£ 62.58
Staff Site Costs	8	£ 100.36	£ 75.54
Audit Fee	8	£ 24.08	£ 16.62
Management Fee	8	£ 180.62	£ 135.94
8 Total		£ 1,456.19	£ 1,375.86