



JOHNSON FELLOWS
CHARTERED SURVEYORS

Battle Hospital

Oxford Road

Reading

RG30 1AP

Service Charge Expenditure Report

29th September 2018 to

28th September 2019



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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 expenditure incurred during the service charge period 29th September 2018 to 28th September 2019.

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 report is to provide a clear explanation of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency.

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 service charge year. The different schedules 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. 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:

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:

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

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

Rebecca Glover is the client accountant responsible for this property.



Expenditure Commentary

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

	Schedule 1	Schedule 8
• Pest Control	£984.44	£82.13

The heading reflects the cost of the pest control contract for the rear car park. Expenditure was over budget.

• External Maintenance	£185.44	£15.47
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The budget provided for any repairs required to the car park. Various minor works were completed. Expenditure was under budget.

• Cleaning & Landscaping	£5,995.08	£500.04
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The cost heading was for the landscaping and litter pick contract, together with a sum for ad-hoc landscaping repairs. The total expenditure was over budget due to additional unforeseen works including the removal of abandoned cars.

• Gritting	£545.40	£45.51
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The budget provided for the gritting of the car park during the winter months. Expenditure was under budget.

• Utilities	£0.00	£0.00
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The cost heading was for the electricity consumption within the rear car park for the lighting and automatic gates. The supply continued to be linked to the Tesco electricity meter during the year meaning that no expenditure was incurred.

• Mechanical & Electrical Maintenance	£1,884.47	£157.21
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The expenditure heading is for the maintenance contract for the electronic car park gates. It was above budget due to the need to also complete an electrical fixed wire test.

• Mechanical & Electrical Repairs	£554.67	£46.28
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The budget allowed for unforeseen repairs to the car park gate and for other electrical maintenance within the car park. Expenditure was under budget.

• Health & Safety	£741.14	£61.83
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The expenditure represents the cost of completing the Health & Safety Audit for the site. It is shared across Schedules 1, 2, 3, 7 & 8 and is in line with budget.



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

	Schedule 2	Schedule 3
• Cleaning	£0.00	£0.00

The cost heading provides for the annual cleaning of the gutters, together with cherry picker hire. The gutter clean was not completed during the service charge year.

• Building Repair	£1,475.60	£985.67
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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. The main item that was completed was the installation of pigeon spikes. The expenditure was over budget.

• Health & Safety	£785.41	£524.65
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The expenditure represents the cost of completing the Health & Safety Audit for the site. It is shared across Schedules 1, 2, 3, 7 & 8. In addition, the statutory lightning conductor test was completed for Cholsey House. This resulted in an overspend.

• Site Staff Costs	£169.91	£113.50
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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 £2,580.50 and is split between all schedules.

• Audit Fee	£24.41	£16.31
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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.

• Management Fee	£305.83	£204.29
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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 was set at £4,644.90. It is split between all schedules.

Totals	£2,761.16	£1,844.42
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**SCHEDULE 4 (Commercial 26.86% Net) & SCHEDULE 5 (Residential 73.14% Gross)
– UPPER FLOOR CHOLSEY HOUSE**

	Schedule 4	Schedule 5
• Fire Prevention	£391.76	£1,280.07

The expenditure heading provided for the maintenance contract and weekly testing of the fire alarm linked between the first floor commercial unit and the residential flats. Expenditure was over budget.

• Site Staff Costs	£23.68	£77.38
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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 £2,580.50 and is split between all schedules.

• Audit Fee	£10.21	£33.35
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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.

• Management Fee	£42.62	£139.28
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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 was set at £4,644.90. It is split between all schedules.

Totals	£468.27	£1,530.08
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SCHEDULE 6 (Residential 100.00% Gross) – WINTERBROOK HOUSE BUILDING

- **Window Cleaning** **£1,518.00**

The expenditure relates to the quarterly window cleaning. It was over budget.

- **External Maintenance** **£2,500.00**

The budget provided a contingency sum for any unexpected external repairs that may need to be carried out to the structure. The expenditure relates to an accrual in view of extensive roof works that have completed during the following service charge year.

- **Access Equipment** **£495.00**

The expenditure relates to the annual maintenance of the mansafe system in respect of the window cleaning. It was under budget.

- **Site Staff Costs** **£962.73**

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 £2,580.50 and is split between all schedules.

- **Insurance** **£6,150.14**

The expenditure relates to the annual buildings insurance premium. It was inline with budget.

- **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.

- **Management Fee** **£1,732.91**

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 was set at £4,644.90. It is split between all schedules.

- Total** **£13,533.80**



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

- **Cleaning** **£3,368.99**

The expenditure relates to the contract costs for the litter picking, sweeping and waste removal. It was above budget due to additional fly tipping removal.

- **Car Park Maintenance** **£5,486.00**

The budget provided for repairs to the car park surface and structure, together with works identified in the Health & Safety Audit. The expenditure was above budget.

- **Landscaping** **£0.00**

The expenditure is incorporated within the Cleaning cost heading.

- **Gritting** **£516.00**

Whilst not contained within the budget, the expenditure relates to the gritting of the car park during the winter months.

- **Health & Safety** **£374.93**

The expenditure represents the cost of completing the Health & Safety Audit for the site. It is shared across Schedules 1, 2, 3, 7 & 8.

- **Site Staff Costs** **£506.93**

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 £2,580.50 and 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.

- **Management Fee** **£912.48**

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 was set at £4,644.90. It is split between all schedules.

Total **£11,241.33**



R. Scott

Paul Starbuck

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Facilities Manager

Dated: 22nd July 2021

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Partner

Dated: 22nd July 2021



Appendix A

Battle Hospital, Oxford Road, Reading

Service Charge Apportionment Schedule

29th September 2018 to 28th September 2019

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)



Appendix B

Battle Hospital, Oxford Road, Reading

Service Charge Variance Schedule

29th September 2018 to 28th September 2019

The property is VAT registered.

Service Charge Item	Schedule	Budget 2018/2019		Expenditure 2018/2019	
Pest Control	1	£	545.40	£	984.44
Car Park Maintenance	1	£	3,272.40	£	185.44
Landscaping	1	£	3,272.40	£	5,995.08
Snow Clearance & Gritting	1	£	954.45	£	545.40
Utilities	1	£	545.40	£	-
M&E Maintenance	1	£	594.49	£	1,884.47
M&E Repairs	1	£	2,181.60	£	554.67
Health & Safety	1	£	741.14	£	741.14
Staff Site Costs	1	£	1,002.06	£	1,002.08
Audit Fee	1	£	194.16	£	220.51
Management Fee	1	£	1,803.71	£	1,803.76
1 Total		£	15,107.21	£	13,916.99
Pest Control	8	£	45.50	£	82.13
Car Park Maintenance	8	£	273.00	£	15.47
Landscaping	8	£	273.00	£	500.04
Snow Clearance & Gritting	8	£	79.63	£	45.51
Utilities	8	£	45.50	£	-
M&E Maintenance	8	£	49.60	£	157.21
M&E Repairs	8	£	182.00	£	46.28
Health & Safety	8	£	61.83	£	61.83
Staff Site Costs	8	£	83.60	£	83.60
Audit Fee	8	£	16.20	£	18.40
Management Fee	8	£	150.47	£	150.47
8 Total		£	1,260.33	£	1,160.94
Cleaning	2	£	963.60	£	-
Building Repair	2	£	963.60	£	1,475.60
Health & Safety	2	£	125.67	£	785.41
Staff Site Costs	2	£	169.91	£	169.91
Audit Fee	2	£	32.92	£	24.41
Management Fee	2	£	305.83	£	305.83
2 Total		£	2,561.53	£	2,761.16
Cleaning	3	£	643.68	£	-
Building Repair	3	£	643.68	£	985.67
Health & Safety	3	£	83.94	£	524.65
Staff Site Costs	2	£	113.50	£	113.50
Audit Fee	3	£	21.99	£	16.31
Management Fee	3	£	204.29	£	204.29
3 Total		£	1,711.08	£	1,844.42
Fire Prevention	4	£	268.60	£	391.76
Staff Site Costs	4	£	23.68	£	23.68
Audit Fee	4	£	4.59	£	10.21
Management Fee	4	£	42.62	£	42.62
4 Total		£	339.49	£	468.27



Fire Prevention	5	£	877.68	£	1,280.07
Staff Site Costs	5	£	77.38	£	77.38
Audit Fee	5	£	14.99	£	33.35
Management Fee	5	£	139.28	£	139.28
5 Total		£	1,109.33	£	1,530.08
Window Cleaning	6	£	1,200.00	£	1,518.00
External Maintenance	6	£	3,000.00	£	2,500.00
Access Equipment	6	£	600.00	£	495.00
Staff Site Costs	6	£	962.73	£	962.73
Insurance	6	£	6,120.00	£	6,150.14
Audit Fee	6	£	186.54	£	175.02
Management Fee	6	£	1,732.91	£	1,732.91
6 Total		£	13,802.18	£	13,533.80
Cleaning	7	£	2,500.00	£	3,368.99
Car Park Maintenance	7	£	3,000.00	£	5,486.00
Gritting	7	£	-	£	516.00
Landscaping	7	£	250.00	£	-
Health & Safety	7	£	374.93	£	374.93
Staff Site Costs	7	£	506.93	£	506.93
Audit Fee	7	£	98.22	£	76.00
Management Fee	7	£	912.48	£	912.48
7 Total		£	7,642.56	£	11,241.33

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)