



Jacey Buildings

40/48 Birmingham Road

Sutton Coldfield

West Midlands, B72 1QQ

Service Charge Budget Report

1st April 2024 to 31st March 2025



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Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Hawksvalley Properties Limited. It is intended to provide details of the planned expenditure for the service charge year 1st April 2024 to 31 March 2025.

Enclosed within this report is a copy of the Service Charge Variance Schedule, Service Charge Apportionment Schedule and The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007.

The service charge is administered having regard to Service Charges in Commercial Property; RICS Professional Statement, 1st Edition.

The Property

The subject property is located within Sutton Coldfield and consists of a three-storey parade, comprising of four ground floor retail units and eleven residential long leasehold flats above. The front of the parade consists of a forecourt for access and loading / unloading to the retail units. The rear benefits from a communal landscaped area and designated fire exit routes. Internal common areas include two corridors which lead to the residential flats.

Service Charge Objectives

The objective of Johnson Fellows as Managing Agents 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 the 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 year.

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.

Residential Service Charge Obligations

In accordance with the Landlord & Tenant Act 1987, Section 48, it is confirmed that the Landlord is Hawksvalley Properties Limited and their address for the service of notices is Rutland House , 148 Edmund Street, Birmingham, B3 2FD

Please refer to the enclosed details at Appendix C for the relevant legislation of residential long leaseholder's rights and obligations which are relevant to the service charge. Any individual works required where any residential long leaseholders' contribution exceeds £250 plus VAT, we will consult the relevant leaseholders.



VAT

The property is VAT registered. However, the VAT on the service charge expenditure attributable to the residential part of the property cannot be recovered by either the tenant or the Landlord; therefore, the gross expenditure is charged to the residential leaseholders only and is applied to Schedules 1 and 4. The VAT on the commercial expenditure can be recovered, therefore the net costs are applied to Schedule 3.

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

Historically there has been a reserve fund in place. There are currently no collections into the reserve fund for this service charge year, and the current reserve fund level is £7120.00.



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.

Assistant Property Manager:

Narinder Sira
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0463
Mobile: 07745 539 094
Email: narinder.sira@johnsonfellows.co.uk

Narinder Sira assists with the management of the building, including the administration and collection of the service charge.

Management Surveyor:

Angela Lindop
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Email: angela.lindop@johnsonfellows.co.uk
Angela Lindop is responsible for the overall management of the property.

Service Charge Accountant:

Rebecca Glover
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.



Service Charge Apportionment

The service charge is shared between residential and commercial leaseholders. The service charge apportionment for each schedule is noted within the Service Charge Apportionment Schedule at Appendix A.

- Schedule 1: Residential Leaseholders
- Schedule 2: No longer used
- Schedule 3: Commercial Leaseholders
- Schedule 4: Residential Leaseholders (excluding Flat 1)

The service charge apportionment percentages are based on the Gross Internal Areas (GIA's) of the individual units as a percentage of the total GIA. Shared expenditure is split 66% for the residential leaseholders and 34% for the commercial leaseholders, based on the total residential and commercial GIA's against the overall total GIA.

Apportioning based on floor area is regarded as best practice in accordance with Service Charges in Commercial Property; RICS Professional Statement, 1st Edition.



Budget Commentary

SCHEDULE 1 – Residential Leaseholders

All figures are shown inclusive of VAT

- **Management Fee** **£6763.00**

This figure represents the cost incurred to prepare and manage the service charge at the property for a 12-month period. The RICS Service Charge Code of Practice recommends that this be a fixed fee. The total fee net fee of £8538 is shared between both commercial and residential leaseholders and has been increased in line with the Retail Price Index for the current year.

- **Audit Fee** **£297.00**

The RICS Professional Statement states that service charge accounts for residential & commercial properties are to be independently certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts; the fee is shared among the residential and commercial tenants.

- **Facilities Management** **£1126.00**

The budget cost is for the Facilities Manager to organise and supervise the various service charge contracts, arrange maintenance works, ensure legislative compliance, and complete periodic inspections. The total net fee of £1422 is shared between both commercial and residential leaseholders and has been increased in line with the Retail Price Index for the current year.

- **Landlord Risk Assessment & Reviews** **£475.20**

The estimated budget cost of Landlord Risk Assessments and other Health and Safety related assessments that may be required during the budget year. Costs are apportioned on between the residential and commercial tenants. Where risk assessments or reviews solely relate to the residential areas, the whole cost will be apportioned to the residential tenants.

- **External Cleaning** **£316.80**

The budget provides for any external cleaning or fly tipping removal that may be required during the year. The costs are shared between the residential and commercial tenants. The total net budget has been maintained at the same level of £400 , however the expenditure under this cost heading is now described as external cleaning to avoid confusion with the separately accounted costs for the internal residential communal cleaning,

- **Window Cleaning** **£350.00**

This figure represents the cost of cleaning the external windows to the residential parts of the building once a year. The budget has been maintained at the same level.



- **Pest Control** **£368.28**

The cost heading is for the pest control contract for the rear communal areas, which is attended to on a quarterly basis. The cost is shared between the residential and commercial tenants. The total budget cost has been maintained at the same level as 2023/24 budget year.

- **External Landscaping** **£3,326.40**

The cost heading is for the landscaping contract and the high-level pruning, together with any essential tree felling works that may be required. The costs are shared between the residential and commercial tenants. The total net budget figure has been increased slightly to £4200 to reflect the upkeep of the maturing garden area.

- **Drainage** **£792.00**

The budgeted cost is for the jetting of the drains. The cost is shared between the residential and commercial tenants. The total net budget figure of £1000 has been increased based on previous year expenditure required for cleaning and clearing the drains.

- **Building Repair** **£5,148.00**

The budget has been maintained at the same level and covers the anticipated cost of completing essential building repairs throughout the year. The costs have been split between the residential and commercial tenants. The total net budget figure is £6,500.00.

- **External Decoration** **£0.00**

There are no external decoration works planned for the current year.

- **Buildings Insurance** **6,444.84**

The cost heading provides the total buildings insurance premium for the residential units. It is based on last year's expenditure and has increased in line with market forces. The insurance premium is not subject to VAT.

- **Reserve Fund** **£0.00**

A reserve fund of £7,120.00 is currently held. There is no reserve fund contribution planned for the current year.

Total

Schedule 1 **£25,407.52**



SCHEDULE 3 – Commercial Leaseholders

All figures are shown net of VAT

- **Management Fee** **£2,903.00**

This figure represents the cost incurred to prepare and manage the service charge at the property for a 12-month period. The RICS Service Charge Code of Practice recommends that this be a fixed fee. The total net fee of £8,538 is shared between both commercial and residential leaseholders and has been increased in line with the Retail Price Index for the current year.

- **Audit Fee** **£127.50**

The RICS Professional Statement states that service charge accounts for residential & commercial properties are to be independently certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts; the fee is shared among the residential and commercial tenants.

- **Facilities Management** **£483.00**

The budget cost is for the Facilities Manager to organise and supervise the various service charge contracts, arrange maintenance works, ensure legislative compliance and complete periodic inspections. The total net fee of £1,422 is shared between both commercial and residential leaseholders and has been increased in line with the Retail Price Index for the current year.

- **Landlord Risk Assessment & Reviews** **£204.00**

The estimated budget cost of Landlord Risk Assessments and other Health and Safety related assessments that may be required during the budget year. Costs are apportioned on between the residential and commercial tenants. Where risk assessments or reviews solely relate to the residential areas, the whole cost will be apportioned to the residential tenants.

- **External Cleaning** **£136.00**

The budget provides for any external cleaning or fly tipping removal that may be required during the year. The costs are shared between the residential and commercial tenants. The total net budget has been maintained at the same level of £400.

- **Pest Control** **£158.10**

The cost heading is for the pest control contract for the rear communal areas, which is attended to on a quarterly basis. The cost is shared between the residential and commercial tenants. The total budget has been increased slightly to £465 in line with the rise in contract costs.



- **Landscaping** **£1,428.00**

The cost heading is for the landscaping contract and the high-level pruning, together with any essential tree felling works that may be required. The costs are shared between the residential and commercial tenants. The total net budget figure has been increased slightly to £4200 to reflect the upkeep of the maturing garden area.

- **Drainage** **£340.00**

The budgeted cost is for the jetting of the drains. The cost is shared between the residential and commercial tenants. The total net budget figure of £1000 has been increased based on previous year expenditure required for cleaning and clearing the drains.

- **External Decoration** **£0.00**

There are no external decoration works planned for the current year.

- **Building Repair** **£2,210.00**

The budget has been maintained at the same level and covers the anticipated cost of completing essential building repairs throughout the year. The costs have been split between the residential and commercial tenants. The total net budget figure is £6,500.00.

- **Buildings Insurance** **£3,320.07**

The cost heading provides for the building's insurance premium. It is based on last year's expenditure and has increased in line with market forces. The insurance premium is not subject to VAT.

- **Reserve Fund** **£0.00**

A reserve fund of £7,120.00 is currently held. There is no reserve fund contribution planned for the current year.

Total

Schedule 3 **£11,309.67**



SCHEDULE 4 – Residential Leaseholders Excluding Flat 1

All figures are shown inclusive of VAT

- **Electricity Supply** **£1,300.00**

The estimated budget cost is for the electricity supply for the common areas.

- **Internal Cleaning** **£2,980.00**

This heading covers the cost of the weekly cleaning of the internal common areas and a contingency should any additional works be required outside of the scope of the contract. The budget has been slightly increased in line with contract costs.

- **Internal Building Repairs** **£1,500.00**

The budget figure allows a contingency for any ad hoc internal repairs. It has been maintained at the same level.

- **Electrical Repair** **£900.00**

The cost heading provides a contingency for any internal electrical repairs that may be required during the year. It has been increased to provide contingency for the EICR electrical testing for the communal lighting that falls due in the service charge year.

Total

Schedule 4 **£6,680.00**

A Lindop

Management Surveyor

Dated 31st May 2024

R. Scott

Robert Scott

Dated 31st May 2024



Appendix A

Jacey Buildings, 40/48 Birmingham Road, Sutton Coldfield, West Midlands B72 1QQ

Service Charge Apportionment Schedule

1st April 2024 to 31st March 2025

Unit	GIA Floor Area Sq Ft	Schedule	Percentage
Flat 1	1,215	1	15.80%
Flat 2	645	1	8.42%
Flat 3	645	1	8.42%
Flat 4	645	1	8.42%
Flat 5	645	1	8.42%
Flat 6	645	1	8.42%
Flat 7	645	1	8.42%
Flat 8	645	1	8.42%
Flat 9	645	1	8.42%
Flat 10	645	1	8.42%
Flat 11	645	1	8.42%
	7,665	1 Total	100.00%
40	602	3	15.23%
42	633	3	16.01%
44	727	3	18.39%
46/48	1991	3	50.37%
	3,953	3 Total	100.00%
Flat 2	645	4	10.00%
Flat 3	645	4	10.00%
Flat 4	645	4	10.00%
Flat 5	645	4	10.00%
Flat 6	645	4	10.00%
Flat 7	645	4	10.00%
Flat 8	645	4	10.00%
Flat 9	645	4	10.00%
Flat 10	645	4	10.00%
Flat 11	645	4	10.00%
	6,450	4 Total	100.00%



Appendix B

Service Charge Budget by Schedule

Jacey Buildings 40/48 Birmingham Road 1st April 2024 - 31st March 2025 (*Amounts in gbp)

Description	Schedule 1	Budget 2024/25	Budget 2023/24	Variance (£)	Variance (%)
5100-0101 Management Fee	1	6,763.00	6,445.57	317.43	4.92
5100-0203 S/C Audit Fees	1	297.00	264.00	33.00	12.50
5100-0309 Facilities Manager	1	1,126.00	1,073.46	52.54	4.89
5100-0401 Landlords risk assessments, audits & review	1	475.20	0.00	475.20	100.00
5200-0501 Electricity	1	0.00	0.00	0.00	0.00
5300-1001 Internal Cleaning	1	0.00	316.80	-316.80	-100.00
5300-1002 External Cleaning	1	316.80	0.00	316.80	0.00
5300-1003 Window cleaning	1	350.00	350.00	0.00	0.00
5300-1007 Pest control	1	368.28	368.28	0.00	0.00
5300-1009 External Landscaping	1	3,326.40	3,168.00	158.40	5.00
5300-1016 Drainage	1	792.00	712.80	79.20	11.11
5400-1516 Decoration External	1	0.00	0.00	0.00	0.00
5400-1530 Building Repair	1	5,148.00	5,148.00	0.00	0.00
5400-1535 Electrical Repair	1	0.00	0.00	0.00	0.00
5600-1901 Building Insurance	1	6,444.84	5,937.21	507.63	8.55
5700-2202 Reserve fund	1	0.00	0.00	0.00	0.00
Total		25,407.52	23,784.12	1,623.40	6.83

Code	Description	Budget 2024/25	Budget 2023/24	Variance (£)	Variance (%)	
5100-0101	Management Fee	3	2,903.00	2,767.04	135.96	4.91
5100-0203	S/C Audit Fees	3	127.50	136.00	-8.50	-6.25
5100-0309	Facilities Manager	3	483.00	460.83	22.17	4.81
5100-0401	Landlords risk assessments, audits & review	3	204.00	0.00	204.00	100.00
5200-0501	Electricity	3	0.00	0.00	0.00	0.00
5300-1001	Internal Cleaning	3	0.00	136.00	-136.00	-100.00
5300-1002	External Cleaning	3	136.00	0.00	136.00	100.00
5300-1003	Window cleaning	3	0.00	0.00	0.00	0.00
5300-1007	Pest control	3	158.10	158.10	0.00	0.00
5300-1009	External Landscaping	3	1,428.00	1,360.00	68.00	5.00
5300-1016	Drainage	3	340.00	306.00	34.00	11.11
5400-1530	Building Repair	3	2,210.00	2,210.00	0.00	0.00
5400-1535	Electrical Repair	3	0.00	0.00	0.00	0.00
5600-1901	Building Insurance	3	3,320.07	3,204.32	115.75	3.61
5700-2202	Reserve fund	3		0.00	0.00	0.00
Total			11,309.67	10,738.29	571.38	5.32

Code	Description	Budget 2024/25	Budget 2023/24	Variance (£)	Variance (%)	
5100-0101	Management Fee	4	0.00	0.00	0.00	0.00
5100-0203	S/C Audit Fees	4	0.00	0.00	0.00	0.00
5100-0309	Facilities Manager	4	0.00	0.00	0.00	0.00
5100-0401	Landlords risk assessments, audits & review	4	0.00	0.00	0.00	0.00
5200-0501	Electricity	4	1,300.00	1,500.00	-200.00	-13.33
5300-1001	Internal Cleaning	4	2,980.00	2,760.00	220.00	7.97
5300-1002	External Cleaning	4	0.00	0.00	0.00	0.00
5300-1003	Window cleaning	4	0.00	0.00	0.00	0.00
5300-1007	Pest control	4	0.00	0.00	0.00	0.00
5300-1009	External Landscaping	4	0.00	0.00	0.00	0.00
5300-1016	Drainage	4	0.00	0.00	0.00	0.00
5400-1530	Building Repair	4	1,500.00	1,500.00	0.00	0.00
5400-1535	Electrical Repair	4	900.00	500.00	400.00	80.00
5600-1901	Building Insurance	4	0.00	0.00	0.00	0.00
5700-2202	Reserve fund	4	0.00	0.00	0.00	0.00
			6,680.00	6,260.00	420.00	6.71

Total			43,397.19	40,782.41	2,614.78	6.41
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Appendix C

The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007

- (1) This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.
- (2) Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.
- (3) You have the right to ask a leasehold valuation tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine:
 - a. who should pay the service charge and who it should be paid to;
 - b. the amount;
 - c. the date it should be paid by; and
 - d. how it should be paid.

However, you do not have these rights where:

- e. a matter has been agreed or admitted by you;
 - f. a matter has already been, or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose;
 - g. or a matter has been decided by a court.
- (4) If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.
 - (5) Where you seek a determination from a leasehold valuation tribunal, you will have to pay an application fee and, where the matter proceeds to a hearing, a hearing fee, unless you qualify for a waiver or reduction. The total fees payable will not exceed £500, but making an application may incur additional costs, such as professional fees, which you may also have to pay.
 - (6) A leasehold valuation tribunal has the power to award costs, not exceeding £500, against a party to any proceedings where:
 - a. it dismisses a matter because it is frivolous, vexatious or an abuse of process; or
 - b. it considers a party has acted frivolously, vexatiously, abusively, disruptively or unreasonably.

The Lands Tribunal has similar powers when hearing an appeal against a decision of a leasehold valuation tribunal.

- (7) If your landlord:
 - a. proposes works on a building or any other premises that will cost you or any other tenant more than £250, or



- b. proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period,

Your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or a leasehold valuation tribunal has agreed that consultation is not required.

- (8) You have the right to apply to a leasehold valuation tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.
- (9) You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must:
 - a. cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or
 - b. cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods
- (10) The summary must be given to you within 1 month of your request or 6 months of the end of the period to which the summary relates whichever is the later.
- (11) You have the right, within 6 months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.
- (12) You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.
- (13) Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.