



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Brighton Court**

**Moseley Road/Brighton Road**

**Balsall Heath**

**Birmingham**

**B12 9AD**

**Service Charge Budget Report**

**1<sup>st</sup> January 2016 to 31<sup>st</sup> December  
2016**



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## **Introduction**

This report has been produced by Johnson Fellows on behalf of the Landlord, Pall Mall Investments Limited.

The report is intended to provide a detailed breakdown of the proposed expenditure for the forthcoming service charge year.

## **The Property**

Brighton Court is located within the Balsall Heath area of Birmingham approximately two miles to the south east of the city centre. The premises consist of a parade of ground floor retail units fronting Moseley Road and Brighton Road, with residential accommodation above. There is a service yard to the rear of the development with vehicle access from Brighton Road. The residential accommodation has secure gated entrances at either end of the site, which lead to a terraced area at first floor level.

There are no internal common parts.

## **Voids and Concessions**

The service charge for any void lettable units or attributable to any service charge concessions is the responsibility of the Landlord.

## **VAT**

The Landlord has elected the property for VAT.

The service charge payable by the commercial lessees will have VAT charged at the standard rate.

## **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 late payment of service charge by tenants is to be credited to the service charge.

## **Reserve Fund**

There is a Reserve Fund into which annual payments are made. The Reserve Fund is then used for exceptional expenditure. A proportion of the Reserve Fund is held by the Landlord, the balance is held by Johnson Fellows in a discreet bank account at Barclays Bank plc, Kidderminster branch. Interest is credited to this account and bank charges deducted.



### **Service Charge Objectives**

It is the objective of Johnson Fellows to issue future service charge budgets at least one month prior to the start of the service charge year with service charge year end accounts being completed within four months of the year end.

The object of this budget report is to provide a clear explanation of the planned 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 services provided at the property.

As Managing Agents, Johnson Fellows aim to provide a high quality management service in order to provide a well maintained environment and deliver value for money for the service charge expenditure.

The service charge is administered having regard to RICS Practice Standards; Service Charges in Commercial Property: 3<sup>rd</sup> Edition, Code of Practice and the Service Charge Residential Management Code: RICS Code of Practice.

### **Residential Service Charge Obligations**

In accordance with the Landlord & Tenant Act 1987, Section 48 it is confirmed that the Landlord is Pall Mall Investments Limited and their address for the service of notices is 144 Clapton Common, London, E5 9AG.

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



## **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:

Jeremy Williams  
Senior Surveyor  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Direct Dial: 0121 234 0454  
Mobile: 07884 352 576  
Email: [jeremy.williams@johnsonfellows.co.uk](mailto:jeremy.williams@johnsonfellows.co.uk)

Jeremy Williams 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.



### **Service Charge Apportionment**

The service charge expenditure is allocated to a single schedule for both commercial and residential occupiers.

All expenditure relates to the external common parts and services for the development as a whole, which benefit all tenants.

The Tenant apportionment has regard to the percentages documented within the individual leases. The percentages total 102.72%. The additional 2.72% is allocated to the reserve fund.

An apportionment schedule for the property is attached at Appendix A.



## **Budget Commentary**

### **SCHEDULE 1**

***All figures are shown net of VAT***

- **Cleaning** **£5,500**

Daily cleaning of the external common areas. A contingency sum for ad-hoc fly tipping or skip runs is included, but has been reduced to reflect the use of communal refuse bins introduced to site part way through the last service charge year.

- **Refuse** **£5,800**

The contracted annual cost for the provision of refuse bins and collection by Direct365.

- **Pest Control** **£600**

The budget has been maintained at the same level and reflects the cost of maintaining the contract over the previous 12 months. The contract includes the provision of bait stations to the common areas of the development, the regular replenishment of the poison within them and periodic inspections.

- **Building Repairs** **£4,000**

Contingency costs for any unforeseen building repairs including any items highlighted by the annual Health & Safety report.

- **Drain Maintenance** **£900**

Annual cost for the flush out of the communal drainage system.

- **Electrical Repairs** **£400**

Contingency cost for any required relamping of the external lighting.

- **Electricity Usage** **£1,200**

The cost of the common parts electricity supply based on previous expenditure.

- **Access Systems** **£250**

Contingency for any unforeseen issues with access systems to communal flat areas. Maintained at the same level as the previous budget.



- **Reserve Fund** **£1,000**

The regular ongoing annual contribution, reduced from the 2015 level.

- **Statutory Compliance** **£400**

A budget has been set for an annual health and safety audit of the external communal parts of the development.

- **Audit Fee** **£400**

The cost for the service charge accounts to be independently certified on an annual basis as required by The RICS Service Charge Code of Practice. This represents best practice and helps to provide transparency in verifying the accuracy of the accounts.

- **Management Fee** **£8,474**

The management fee for the administration of the service charge and day to day management of the premises. The fee is fixed with an annual uplift based upon the Retail Price Index. The new budget reflects the increase in the Index, which has risen by 2.3% in the past 12 months.

- **Facilities Management Fee** **£400**

The budget is for the Facilities Manager who is responsible for the procurement and supervision of service charge contracts, risk management and compliance with statutory regulations.

**Total**

**Schedule 1** **£29,324**

Please note this budget is net of VAT at 20%.

.....  
Management Surveyor

Dated  
2<sup>nd</sup> December 2015

.....  
Partner

Dated  
2<sup>nd</sup> December 2015



**Appendix A**

**Brighton Court, Balsall Heath, Birmingham B12 9AD**

**Service Charge Apportionment Schedule**

**1st January 2016 to 31st December 2016**

<b>Unit</b>	<b>Percentage</b>
542 Moseley Road	5.00%
544 Moseley Road	5.00%
546 Moseley Road	5.00%
548/550 Moseley Road	14.00%
552 Moseley Road	5.00%
554 Moseley Road	5.00%
556 Moseley Road	5.00%
558 Moseley Road	5.00%
560 Moseley Road	5.00%
562-564 Moseley Road	10.00%
180 Brighton Road	5.00%
181 Brighton Road	5.00%
182 Brighton Road	5.00%
183 Brighton Road	5.00%
Flat 1 Brighton Court	1.17%
Flat 2 Brighton Court	1.17%
Flat 3 Brighton Court	1.17%
Flat 4 Brighton Court	1.17%
Flat 5 Brighton Court	1.17%
Flat 6 Brighton Court	1.17%
Flat 7 Brighton Court	1.17%
Flat 8 Brighton Court	1.17%
Flat 9 Brighton Court	1.17%
Flat 10 Brighton Court	1.17%
Flat 11 Brighton Court	1.17%
Flat 12 Brighton Court	1.17%
Flat 14 Brighton Court	1.17%
Flat 15 Brighton Court	1.17%
Flat 16 Brighton Court	1.17%
Flat 17 Brighton Court	1.17%
<b>Total</b>	<b>102.72%</b>



**Appendix B**

**Brighton Court, Balsall Heath, Birmingham B12 9AD**

**Service Charge Variance Schedule**

**1st January 2016 to 31st December 2016**

The property is VAT registered. Figures for Schedule 1 shown net of VAT.

Service Charge Item	Schedule	Budget 2014	Budget 2015	Budget 2016	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£ 6,000	£ 6,000	£ 5,500	-8.33%	-£ 500
Refuse	1	£ -	£ -	£ 5,800	100.00%	£ 5,800
Pest Control	1	£ 600	£ 600	£ 600	0.00%	£ -
Building Repair	1	£ 11,500	£ 8,000	£ 4,000	-50.00%	-£ 4,000
Drain Maintenance	1	£ 1,300	£ 1,800	£ 900	-50.00%	-£ 900
Electrical Repairs	1	£ 500	£ 400	£ 400	0.00%	£ -
Electricity Usage	1	£ 1,000	£ 1,000	£ 1,200	20.00%	£ 200
Access Systems	1	£ 200	£ 250	£ 250	0.00%	£ -
Reserve Fund	1	£ 2,000	£ 2,000	£ 1,000	0.00%	-£ 1,000
Statutory Compliance	1	£ 400	£ 400	£ 400	0.00%	£ -
Audit Fees	1	£ 400	£ 400	£ 400	0.00%	£ -
Management Fees	1	£ 8,020	£ 8,409	£ 8,474	0.77%	£ 65
Facilities Management	1	£ -	£ 400	£ 400	0.00%	£ -
<b>Total</b>		<b>£ 31,920</b>	<b>£ 29,659</b>	<b>£ 29,324</b>	<b>-1.13%</b>	<b>-£ 335</b>



## 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.