

Service Charge Budget Report

Service Charge Year

1st January 2015 to
31st December 2015

for

Brighton Court
Moseley Road/Brighton Road
Balsall Heath
Birmingham
B12 9AD

Prepared by Johnson Fellows LLP
Charter House
163 Newhall Street
Birmingham
B3 1SW

on behalf of
Pall Mall Investments Limited



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1. Photograph





2. 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.

3. 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.

4. Voids and Concessions

The Landlord will be responsible for the payment of the apportioned service charge due in relation to any void units. The property is currently fully tenanted.

The Landlord is also responsible for the service charge contributions in respect of the residential flats that are let on Assured Shorthold Tenancy agreements.

5. VAT

The Landlord has elected the property for VAT. The expenditure stated is net of VAT.

6. Banking

Due to the general level of service charge funds, we do not maintain the funds in a discreet bank account. As a consequence the service charge is not credited with any interest, neither are any bank charges allocated to the service charge accounts. The funds are held within the Johnson Fellows Clients Account, which is maintained with Barclays Bank plc, Kidderminster branch.

7. 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.



7. 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: 3rd Edition, Code of Practice and the Service Charge Residential Management Code: RICS Code of Practice.

8. Residential Service Charge Rights and 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 A 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



9. **Management Team**

Management Surveyors

Chris Monteith

Facilities Manager

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

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

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

Jeremy is the managing surveyor for the property

Rachel Scicluna

Partnership Secretary

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0417

Email: rachel.scicluna@johnsonfellows.co.uk

Rachel is the client accountant responsible for this property.

Neil Wetherell

Partner

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0406

Mobile: 07836 313 914

Email: neil.wetherell@johnsonfellows.co.uk

Neil is responsible for the overall management of the property.



10. Service Charge Budget and Approval

The proposed service charge budget for the year 1st January 2015 to 31st December 2015 totals £29,356.06

Which is a 7.7% reduction from 2014

A summary of the service charge budget is attached at Appendix B.

Budget Approval

.....
Management Surveyor

.....
Dated

.....
Partner

19/12/2014

.....
Dated



11. 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 C.



12. Budget Commentary

Commercial and Residential

Cleaning

New Budget £6,000.00

The budget has been maintained at the same level and reflects the expenditure in the previous year for the cleaning of the common parts. An allowance has also been made for any addition ad-hoc cleaning that may be required throughout the year.

Pest Control

New Budget £600.00

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

New Budget £8,000.00

The budget has been slightly reduced this year. Several repairs have been completed to the walkway roof during the past 12 months and it is anticipated that further ongoing maintenance will be required. The budget figure is representative of the expenditure during 2014.

Drain Maintenance

New Budget £1,800.00

The budget has been increased due to additional flush outs being required.

Electrical Repairs

New Budget £400.00

No large items of expenditure are expected. The budget provides a contingency sum for any unforeseen items of repair.

Electrical Supply

New Budget £1,000.00

The budget has been kept the same this year. The budget is for the electricity consumption of the lighting to the common parts.

Access System

New Budget £250.00



The budget has been maintained at the same level to allow for any ad hoc repairs that may be required to the entry phone system. It is not deemed economical to enter into a formal maintenance contract.

Statutory Compliance

New Budget £ 400.00

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

Reserve Fund

New Budget £2,000.00

The regular ongoing annual contribution, remains at the same level as 2014.

Audit Fees

New Budget £ 400.00

The budget for an independent accountant to certify the accounts for the service charge year. This represents best practice and helps to provide transparency in verifying the accuracy of the accounts.

Management Fees

New Budget £ 8,409.06

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

New Budget £ 400.00

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

New Budget £29,659.06

Summary

The total budget for the service charge year has been reduced by 7.7%.



Appendix A

STATUTORY INSTRUMENTS

2007 No. 1257

LANDLORD AND TENANT, ENGLAND

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

<i>Made</i> - - - -	<i>16th April 2007</i>
<i>Laid before Parliament</i>	<i>24th April 2007</i>
<i>Coming into force</i> - -	<i>1st October 2007</i>

The Secretary of State for Communities and Local Government, in exercise of the powers conferred by section 21B of the Landlord and Tenant Act 1985(a) and section 178 of the Commonhold and Leasehold Reform Act 2002(b), makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007 and shall come into force on the 1st October 2007.

Application

2.—(1) Subject to regulation 4, these Regulations apply where, on or after 1st October 2007, a demand for payment of a service charge(c) is served in relation to a dwelling(d).

(2) Subject to paragraph (3) these Regulations apply to dwellings in England which are subject to a lease(e).

(3) These Regulations do not apply where—

- (a) the lease is not a long lease within section 26 of the Landlord and Tenant Act 1985; and
- (b) the landlord is a local authority, a National Park Authority or a new town corporation.

Form and content of summary of rights and obligations

3. Where these Regulations apply the summary of rights and obligations which must accompany a demand for the payment of a service charge must be legible in a typewritten or printed form of at least 10 point, and must contain—

- (a) the title “Service Charges – Summary of tenants’ rights and obligations”; and
- (b) the following statement —

(a) 1985 c.70. Section 21B was inserted by section 153 of the Commonhold and Leasehold Reform Act 2002 (c.15).

(b) 2002 c.15.

(c) For the meaning of “service charge”, see section 18 of the Landlord and Tenant Act 1985 (c.70). Section 18 was amended by section 41 of the Landlord and Tenant Act 1987 (c.31) and section 150 of the Commonhold and Leasehold Reform Act 2002.

(d) For the meaning of “dwelling”, see section 38 of the Landlord and Tenant Act 1985.

(e) For the meaning of “lease”, see section 36 of the Landlord and Tenant Act 1985.



“(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—
who should pay the service charge and who it should be paid to;
the amount;
the date it should be paid by; and
how it should be paid.

However, you do not have these rights where—

- a matter has been agreed or admitted by you;
- 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; 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—

- it dismisses a matter because it is frivolous, vexatious or an abuse of process; or
- 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—

- proposes works on a building or any other premises that will cost you or any other tenant more than £250, or
 - 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—

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

cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods.

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.

(10) 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.

(11) 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.

(12) 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.”.

Transitional provision

4. The following provisions apply where a demand (“the first demand”) for the payment of service charges was served prior to 1st October 2007—

- (a) the requirements of section 21B(3) and (4) of the Landlord and Tenant Act 1985(a), as inserted by section 153 of the Act, shall not apply to a further demand for the payment of service charges where the first demand was served before 1st October 2007 in respect of service charges due for payment before 1st October 2007; and
- (b) section 21B of the Landlord and Tenant Act 1985 shall apply to a further demand for the payment of service charges where the first demand was served before 1st October 2007 in respect of service charges due for payment on or after 1st October 2007.

Signed by authority of the Secretary of State for Communities and Local Government

16th April 2007

Kay Andrews
Parliamentary Under Secretary of State
Department for Communities and Local Government

(a) 1985 c. 70.



EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe the content of the summary of tenants' rights and obligations relating to service charges, which must accompany any demand for such charges made by a landlord, under section 21B of the Landlord and Tenant Act 1985. The Regulations also make provision for minor matters in respect of the form of the summary.

Regulation 4 provides a transitional provisions relating to demands for service charges sent to tenants prior to 1st October 2007.

A Regulatory Impact Assessment has been prepared in relation to these Regulations. It has been placed in the Library of each House of Parliament and copies may be obtained from the Leasehold and Park Homes Branch of the Department for Communities and Local Government, Zone 2/H10, Eland House, Bressenden Place, London SW1E 5DU (Telephone 020 7944 3463).



Appendix B

BRIGHTON COURT, BALSALL HEATH, BIRMINGHAM

Service Charge Apportionment Schedule

1st January 2015 to 31st December 2015

Unit	Percentage
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%
Total	102.72%



Appendix C

Brighton Court, Moseley Road, Birmingham

Service Charge Budget Variance Report

01 January 2015 to 31 December 2015

The property is VAT registered, all figures show net of VAT

Service Charge Item	Schedule	Actual 2013	Budget 2014	Budget 2015	Budget 2014 v Budget 2015 (%)	Budget 2014 v Budget 2015 (£)
Cleaning	1	£ 5,745	£ 6,000	£ 6,000	0.0%	£ -
Pest Control	1	£ 590	£ 600	£ 600	0.0%	£ -
Building Repairs	1	£ 5,034	£ 11,500	£ 8,000	-30.4%	£ 3,500
Drain Maintenance	1	£ 1,581	£ 1,300	£ 1,800	38.5%	£ 500
Electrical Repairs	1	£ -	£ 500	£ 400	-20.0%	£ 100
Electricity Supply	1	£ 667	£ 1,000	£ 1,000	0.0%	£ -
Access System	1	£ -	£ 200	£ 250	25.0%	£ 50
Statutory Compliance	1	£ -	£ 400	£ 400	0.0%	£ -
Reserve Fund	1	£ 2,000	£ 2,000	£ 2,000	0.0%	£ -
Audit Fee	1	£ 375	£ 400	£ 400	0.0%	£ -
Management Fees	1	£ 8,020	£ 8,220	£ 8,409	2.3%	£ 189
Professional Fees	1	£ -	£ -	£ 400	N/A	£ 400
Grand Total		£ 24,012	£ 32,120	£ 29,659	-7.7%	£ 2,461