



Leaseholders' Guide
to understanding your
Service Charge Budget



Understanding your Service Charge Budget

The Service Charge Budget tells you what costs we are expecting to incur at your court for the forthcoming year. These estimated costs are split across all properties over a 12 month period to calculate your monthly charge.

The Service Charge Budget will provide a comparison between the current-year budget and the budget for next year.

This is so you can see where there are differences in the charges for each year.

This leaflet gives an example of the type of budget you will receive and is designed to explain the various terms that we use.

- 1 Financial year** – the heading shows the financial year to which the Service Charge Budget applies.
- 2 Direct staff costs** – these are all the costs associated with the court manager service. It includes any accommodation costs, office costs, stationery, travel and relief staff costs.
- 3 Central alarm** – these are the costs associated with having an emergency call monitoring service. It includes the cost of call monitoring, maintenance (including repairs) and the provision of a dedicated telephone line.
- 4 Door entry** – these are the costs associated with having a door entry system, which is often linked to the emergency alarm (hence it being under the same heading). It often includes the cost of a maintenance contract, which ensures that we have a guaranteed response in the case of any system failure.
- 5 Communal contracts** – these costs generally include window cleaning, gardening and cleaning. These contracts are usually tendered every year and are aligned to the standard of service that residents have agreed, which is recorded in the Court Service Agreement.
- 6 Communal utilities** – these are the costs for the provision of communal heating, lighting and water. Whether these costs are incurred will vary from scheme to scheme and costs will usually be higher where there are more communal areas.
- 7 Repairs and maintenance** – these are split between the cost of responsive repairs and the cost of planned maintenance of equipment. We also have various maintenance contracts for services such as lifts, fire alarms, emergency lighting, water hygiene testing, etc. Again, these vary from scheme to scheme.
- 8 Insurance** – this is the cost of the annual insurance premium payable in relation to the buildings insurance. Your Residents' Handbook has a much more detailed explanation as to what is included within this policy.
- 9 Management fee** – this is the fee you pay to Housing 21 for the management of your court. We have a leaflet available to you that explains the breakdown of our management service in more detail.
- 10 Sundry expenses** – the audit fee that we pay for the annual audit of the service charge accounts makes up the bulk of this cost. It is also used to show any other minor expenditure that does not fit neatly under any other heading.
- 11 Total expenditure** – this is the sum total of all the expenditure given above.
- 12 Transfer to major repairs** – each court has a sinking fund, into which there may be an annual contribution from the service charge. There is a separate sinking fund appraisal for each court setting out a breakdown for how this figure is set.

13 Surplus or deficit – the surplus or deficit from the last audited set of accounts is often carried forward and included in the annual service charge calculations. Your lease will tell you whether this is the way a surplus or deficit should be treated.

14 Grand total service charge – this is the sum total of every item of expenditure or other cost that makes up the service charge.

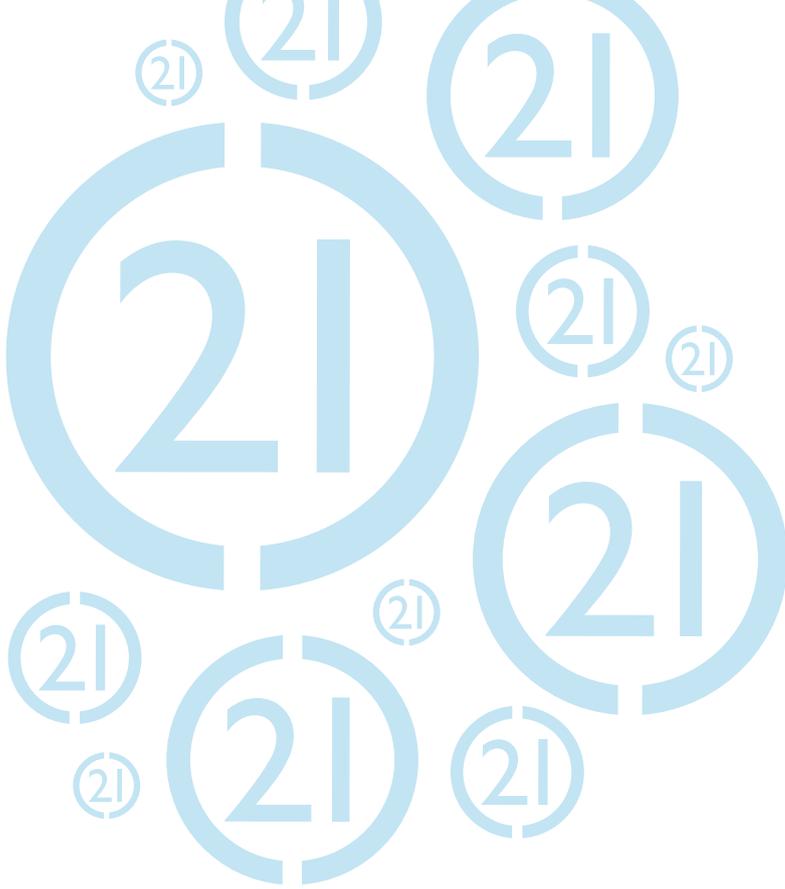
15 Monthly cost – on some courts there are different property types that pay different apportionments of the total service charge. The lease sets out the apportionment for each property and this is set out here as the monthly service charge for each property type.

Housing 21

ILLUSTRATION ONLY

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0123 - XYZ Court		Tenure : Leasehold		BUDGET 2021/22	BUDGET 2020/21	VARIANCE
		£	£	£	£	£
This budget sets your service charges for the year April 2021 to March 2022						
SERVICE CHARGE COSTS						
2	DIRECT STAFF COSTS					
	Court Managers Salary, National Insurance & Pension	14517	13884	-633		
	Court Managers Telephone	100	598	498		
	Court Office Costs (incl. any accom. rental)	428	610	182		
	Court Managers Utilities	2552	2504	-48		
		17596	17595			-1
3	COMMUNAL AREA COSTS					
	Alarms and Security					
	Central Alarm Monitoring and Maintenance	1503	1593	90		
	Door Entry Costs	0	70	70		
4	Communal Contract					
5	Gardening/Guttering	8048	6730	-1,318		
	Cleaning	1345	1311	-34		
	Window Cleaning	2568	3528	960		
6	Communal Utilities					
	Water Rates	515	435	-80		
	Communal Light and Heat	1799	2166	367		
7	Repairs and Maintenance					
	Reactive Repairs	2917	2499	-418		
	Service Contracts (incl Lift)	2102	2202	101		
				-418		
	Communal TV Licence					
	Communal TV Licence	155	0	0		
	Communal Council Tax					
	Communal Council tax	0	0	0		
		20951	20533			-418
8	OTHER EXPENDITURE					
	Insurance	2209	2144	-65		
9	Management Fee	12712	12488	-224		
10	Sundry Expenses	252	245	-7		
		15173	14877			-296
11	Total Expenditure	53721	53006			-715
12	Transfer to Major Repairs	13979	12257	-1,722		
	Total Service Charge Cost	67700	65263			-2,437
13	Repay Surplus from Prior Year	-368	-2555	-2,187		
	Misc Income (e.g., guest room)	0	0	0		
14	GRAND TOTAL SERVICE CHARGE	67332	62708			-4,624
	Number of properties	28				
15	SERVICE CHARGE PER PROPERTY PER MONTH					
	1 Bedroom Cottage	£181.24				
	2 Bedroom Cottage	£209.85				
	2 Bedroom with garage	£217.71				



If you have any queries regarding your Service Charge Budget you should speak to your Court Manager or Retirement Property Manager in the first instance. Alternatively, you can contact the Housing 21 Resident Charges Team:

Telephone: 0370 192 4040 (Choose option 3)

Email: residentchargesteam@housing21.org.uk

Housing

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