

Housing (21)

Leaseholders' Guide to understanding your Service Charge Budget

2024/25



Understanding your Service Charge Budget

The Service Charge Budget tells you what costs we are expecting to incur at your scheme 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.

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- 1 Financial year** – the heading shows the financial year to which the Service Charge Budget applies.
 - 2 Direct employee costs** – these are all the costs associated with the Local Housing Manager service. It includes any accommodation costs, office costs, stationery, travel and relief employee 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 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.
 - 5 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.
 - 6 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.
 - 7 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.
 - 8 Management fee** – this is the fee you pay to Housing 21 for the management of your scheme. We have a leaflet available to you that explains the breakdown of our management service in more detail.

- 9 **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.
- 10 **Total expenditure** – this is the sum total of all the expenditure given above.
- 11 **Contribution to sinking funds** – each scheme 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 scheme setting out a breakdown for how this figure is set.
- 12 **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.
- 13 **Grand total service charge** – this is the sum total of every item of expenditure or other cost that makes up the service charge.
- 14 **Monthly cost** – on some Schemes 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 (2)

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0000 - Sample Court	Tenure : Leasehold	Budget 2024/25 £	Budget 2023/24 £	Variance £
This Budget sets your service charges for the year April 2024 to March 2025				
Service Charge Costs				
Direct Employee Costs				
2	Court Managers Salary, National Insurance & Pension	£19,244.08	£13,849.14	-£5,394.95
	Court Managers Telephone	£15.10	£20.47	£5.37
	Court Office Costs (incl. any accom. rental)	£350.28	£725.00	£374.72
	Court Managers Utilities	£0.00	£0.00	£0.00
		£19,609.46	£14,594.61	-£5,014.85
Communal Area Costs				
Alarms and Security				
3	Central Alarm Monitoring and Maintenance	£1,654.28	£1,499.61	-£154.67
Communal Contract				
	Gardening	£10,140.04	£9,290.30	-£849.74
4	Guttering	£699.96	£600.00	-£99.96
	Cleaning	£2,428.76	£2,201.76	-£227.00
	Window Cleaning	£1,980.00	£1,800.00	-£180.00
Communal Utilities				
5	Water Rates	£169.88	£400.00	£230.12
	Communal Light and Heat	£2,831.94	£2,476.46	-£355.48
	Communal Council Tax	£280.00	£0.00	-£280.00
Repairs and Maintenance				
6	Reactive Repairs	£4,500.33	£4,500.20	-£0.13
	Service Contracts (incl Lift)	£1,149.02	£314.61	-£834.41
		£25,834.20	£23,082.93	-£2,751.27
Other Expenditure				
7	Insurance	£2,900.00	£2,900.00	£0.00
8	Management Fee	£16,284.06	£15,261.60	-£1,022.46
10	Sundry Expenses	£1,450.00	£1,549.50	£99.50
		£20,634.06	£19,711.10	-£922.96
Total Expenditure		£66,077.73	£57,388.65	-£8,689.09
Contribution to Sinking Fund		£17,610.76	£16,722.40	-£888.36
Total Service Charge Cost		£83,688.49	£74,111.05	-£9,577.44
Surplus/ Deficit from prior year		£2,210.62	-£99.96	-£2,310.58
Misc Income (e.g., guest room)		£0.00	£0.00	£0.00
Grand Total Service Charge		£85,899.11	£74,011.09	-£11,888.02
Number of properties		29		
Service Charge Per Property Per Month				
2 bedroom		£246.96	£212.78	



The Service Charge Budget can be provided in a different format, such as large print, Braille or another language. Please contact: communications@housing21.org.uk if you would like this in an alternative format.

If you have any queries regarding your Service Charge Budget please speak to your Local Housing Manager

Housing 

Tricorn House
51-53 Hagley Road
Birmingham B16 8TP
0370 192 4000

[housing21.org.uk](https://www.housing21.org.uk)

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