



PROPERTY INTEL

EXTERNAL — CLIENT  
FACING

# Service Charge Budgeting — Client Brochure

Service Charge Budgeting:  
Transparent Finances, Confident  
Management, Compliant Collection

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DOCUMENT ID

PI-BLK-052

VERSION

1.0

CLASSIFICATION

External — Client Facing

OWNER

Head of Block Management

REVIEW CYCLE

Biannually

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# Contents

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2. Executive Summary \_\_\_\_\_ 3

---

3. Who This Is For \_\_\_\_\_ 5

---

4. What We Handle \_\_\_\_\_ 7

---

5. The Property Intel Process \_\_\_\_\_ 9

---

6. Risk Protection \_\_\_\_\_ 12

---

7. Compliance Assurance \_\_\_\_\_ 14

---

8. Why Property Intel \_\_\_\_\_ 16

---

9. Pricing Positioning \_\_\_\_\_ 18

---

10. Call to Action \_\_\_\_\_ 20

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## 2. Executive Summary

Service charges are the financial foundation of leasehold property management. Every item of communal expenditure — from building insurance to cleaning, from lift maintenance to reserve fund contributions — is funded through the service charge. The accuracy of the budget, the compliance of the demand, and the transparency of the reconciliation determine whether the block is properly funded, whether leaseholders trust the process, and whether the landlord's position is legally sound.

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Property Intel provides a comprehensive service charge budgeting and management service for freeholders, resident management companies, and right-to-manage companies across London. We prepare detailed budgets anchored to real costs, issue demands that comply with every statutory requirement, manage collection and arrears, conduct rigorous year-end reconciliation, and coordinate certified accounts. Our objective is straightforward: ensure the block is adequately funded, every demand is enforceable, and every pound is accounted for.

## 3. Who This Is For

Property Intel's service charge management expertise spans blocks from 6 units to developments exceeding 200 units, with a strong concentration in Tower Hamlets and across Greater London.

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CLIENT TYPE	TYPICAL REQUIREMENT
Freeholders (individual or corporate)	Full budget preparation, demand management, and year-end accounting
Resident Management Companies (RMCs)	Board-level reporting, transparent budgeting, and reserve fund planning
Right to Manage Companies (RTMs)	Establishing a proper budgeting framework following acquisition of management rights
Developers (pre-handover and retained freehold)	First-year budgets, interim service charge management, transition support
Solicitors acting on leasehold matters	Budget verification, FTT challenge support, and dispute resolution input

Property Intel's service charge management expertise spans blocks from 6 units to developments exceeding 200 units, with a strong concentration in Tower Hamlets and across Greater London.

SECTION 04

# 4. What We Handle

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SERVICE ELEMENT	DESCRIPTION
Lease review and cost recovery analysis	Identification of all recoverable costs and the correct apportionment method per the lease
Annual budget preparation	Detailed budgets by account code, supported by contractor quotations and documented estimates
Client budget approval process	Presentation, variance commentary, and formal sign-off protocol
Service charge demand preparation	On-account demands compliant with s.21B, s.47, and s.48
Payment collection and arrears management	Automated reminder cycle; structured escalation; legal recovery support
Monthly expenditure monitoring	Actual vs budget tracking with variance reporting
Reserve fund management	Contribution planning based on lifecycle analysis; fund accounting
Year-end reconciliation	Actual vs budget comparison; balancing charge/credit calculation
Certified accounts	Coordination with external accountant for lease-compliant certification
18-month rule compliance	Monitoring and notification management to protect cost recoverability
FTT challenge defence	Evidence preparation and support for s.27A applications
Leaseholder communication	Professional correspondence at every stage of the budget cycle

## 5. The Property Intel Process

Every engagement begins with a thorough review of the lease terms for each block. We identify the recoverable cost categories, confirm the apportionment schedule (whether by unit, floor area, or fixed percentages), establish the service charge year dates, and determine any specific lease provisions that affect budgeting (such as caps, exclusions, or mandatory reserve fund requirements).

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## **5.1 UNDERSTANDING YOUR BLOCK**

Every engagement begins with a thorough review of the lease terms for each block. We identify the recoverable cost categories, confirm the apportionment schedule (whether by unit, floor area, or fixed percentages), establish the service charge year dates, and determine any specific lease provisions that affect budgeting (such as caps, exclusions, or mandatory reserve fund requirements).

## **5.2 BUDGET PREPARATION**

Our budgets are built on real data. For every material line item, we obtain a contractor quotation, a contract renewal figure, or a documented estimate based on historical expenditure and inflation adjustment. The budget follows our standard chart of accounts — a structured framework covering insurance, repairs, cleaning, grounds, utilities, lift maintenance, fire safety, health and safety, professional fees, management fees, reserve fund contributions, and contingency.

We provide a prior year comparison and variance commentary for every budget, so that clients and leaseholders can understand exactly what has changed and why.

## **5.3 CLIENT APPROVAL**

The draft budget is submitted to the freeholder, RMC, or RTM board with full supporting documentation. We facilitate the approval process through written submission, board meeting attendance, or a combination of both. No demand is issued until formal written approval is obtained.

## **5.4 DEMAND ISSUANCE**

Every service charge demand issued by Property Intel includes:

- The correct demand amount per the approved budget and lease apportionment
- The statutory Summary of Rights and Obligations (s.21B of the Landlord and Tenant Act 1985)
- The landlord's name and address (ss.47 and 48 of the Landlord and Tenant Act 1987)
- The service charge year and payment schedule per the lease terms

Demands are issued by post and email, with delivery dates recorded in our accounting system.

### **5.5 COLLECTION AND MONITORING**

We operate a structured collection cycle with automated payment reminders at 14, 28, and 42 days overdue. For persistent arrears, we escalate through formal written notice, direct communication, and ultimately, with client approval, legal recovery.

Monthly expenditure is monitored against budget. Material variances are reported to the client with recommendations for action.

### **5.6 YEAR-END RECONCILIATION AND ACCOUNTS**

Within four months of the service charge year-end, we prepare a full reconciliation of actual expenditure against budget, with variance analysis and commentary. Balancing charges or credits are calculated per the lease apportionment and incorporated into the next demand cycle.

Where the lease requires certified or audited accounts, we coordinate with the appointed external accountant to deliver compliant year-end statements within six months.

SECTION 06

# 6. Risk Protection

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RISK	HOW PROPERTY INTEL PROTECTS YOU
Demand rendered unenforceable	Every demand is template-controlled with mandatory s.21B, s.47, and s.48 compliance
18-month rule breach	Compliance calendar with automated alerts; monthly Finance Officer review
Budget shortfall	Detailed quotation-based budgeting; contingency provision; reserve fund planning
Leaseholder challenge at FTT	Transparent budgets with retained supporting documentation; benchmarking data
Reserve fund insufficiency	Lifecycle cost analysis; structured contribution programme
Payment default cascade	Automated chase cycle; early escalation protocol; legal recovery pathway
Incorrect apportionment	Lease reviewed at onboarding; annual verification of apportionment schedule

## 7. Compliance Assurance

Property Intel's service charge management service is designed around the requirements of English leasehold law:

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REQUIREMENT	OUR APPROACH
s.18–19 LTA 1985 — reasonable charges for reasonable services	Every budget line supported by quotation or documented estimate
s.20B LTA 1985 — 18-month rule	Compliance calendar; no expenditure item falls outside the window
s.21B LTA 1985 — Summary of Rights and Obligations	Template-enforced; every demand includes the prescribed summary
ss.47–48 LTA 1987 — landlord details on demands	Auto-populated from CRM; quarterly verification
s.42A LTA 1987 — trust fund requirements	All service charge funds held in designated trust accounts
RICS Service Charge Code (4th Edition)	Budget preparation, reporting, and communication aligned to Code standards

SECTION 08

# 8. Why Property Intel

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DIFFERENTIATOR	DETAIL
Structured budgeting methodology	Standard chart of accounts applied consistently; every line item documented and justified
Full-cycle management	From lease review to certified accounts — the entire service charge lifecycle under one service
Compliance-first approach	s.21B, s.47/s.48, 18-month rule, and trust account compliance are non-negotiable defaults
Reserve fund expertise	Lifecycle cost modelling; structured contribution programmes; transparent fund reporting
London market knowledge	Deep experience across Tower Hamlets and wider London; benchmarking data across our portfolio
Technology-enabled efficiency	Accounting Module with automated demand generation, payment tracking, and variance reporting
Transparent client reporting	Monthly monitoring reports; annual reconciliation with full variance commentary
FTT-ready documentation	Every budget decision documented and defensible from day one

## 9. Pricing Positioning

Property Intel's service charge budgeting service is included within our block management fee. The management fee is agreed at instruction and is itself a transparent line item in the service charge budget.

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The value of professional service charge management is measured not in the fee itself, but in what it prevents:

SCENARIO	POTENTIAL COST WITHOUT PROFESSIONAL MANAGEMENT
s.21B non-compliance	Every demand rendered unpayable until corrected
18-month rule breach on £50,000 spend	£50,000 irrecoverable
FTT challenge due to poor documentation	Legal costs, management time, potential cost disallowance
Reserve fund failure on major works	Large one-off demands; leaseholder hardship; legal challenges
Persistent arrears (20%+ non-payment)	Cash flow crisis; deferred maintenance; building condition decline

Our fee covers the full budget cycle — preparation, approval, demand issuance, collection, monitoring, reconciliation, and certified accounts coordination. Additional services such as FTT representation are quoted separately if required.

## 10. Call to Action

To discuss service charge budgeting and management for your block or portfolio, contact Property Intel:

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CONTACT METHOD	DETAIL
Telephone	07586479847
Email	<a href="mailto:contact@property-intel.co.uk">contact@property-intel.co.uk</a>
Office	30 Churchill Place, London E14 5RE
Website	<a href="http://property-intel.co.uk">property-intel.co.uk</a>

We offer an initial assessment of your current service charge arrangements at no charge. This includes a review of your existing budget structure, demand compliance, and reserve fund position, with clear recommendations for improvement.

Property Intel. Every pound accounted for. Every demand compliant. Every block properly funded.

*Property Intel — Precision in Property Management*

NEXT ACTION

## Discuss this service

For scope, fees, onboarding timelines, or portfolio-fit questions, route the next conversation through Head of Block Management or the relevant Property Intel service lead.

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DOCUMENT OWNER

Head of Block Management

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