



# SERVICE CHARGES



WEALD LIVING

BY SAXON WEALD

## INTRODUCTION

Established in 2000, Saxon Weald is a housing association managing approximately 6,750 homes across Sussex and Hampshire. As a charitable Community Benefit Society, we are dedicated to re-investing the money we collect from rents and charges back into the management and building of homes. We are accountable to the Regulator of Social Housing. We provide affordable rented homes for individuals and families, as well as properties exclusively for the over 55s, including those with care needs, we also provide homes for market rent, shared ownership and outright sale through our Weald Living brand.

This guide explains what service charges are, how we calculate them and how you should pay for them.

Please be assured that we do not make a profit from service charges. We simply work out the costs of providing the relevant services to a block and divide that cost between those receiving the service. Where blocks contain leaseholders and tenants, all the flats are included in sharing the costs. Tenants pay a service charge for the costs of the services provided to the block and estate as well, however this does not include a direct contribution towards repairs which is included in their rent payments.

## THE LEASE

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The lease is a contract between the leaseholder and the landlord. It sets out the conditions of ownership.

The lease is drawn up when the flat is first sold on later sales, a new lease is not drawn up when the flat is sold on – the new owners take over the existing lease and conditions.



Your solicitor should have provided you with a copy of your lease when you bought your property. The wording of the lease is usually in legal language and your solicitor should explain the lease terms when you buy. It is important you understand your lease as it sets out what you can be charged for and your share of the building's costs.

The standard clauses in the lease require Saxon Weald to:

- manage, insure and maintain the structure, exterior and common parts of the building
- collect service charges from leaseholders and keep an account

Service charges are contributions that a leaseholder must make to the cost of services that Saxon Weald provides. This cost can include:

- maintenance and repairs; insurance of the building
- the cost of electricity used for communal lighting, gardening and cleaning services
- the cost of managing the building

## WHAT THE LEASE SAYS ABOUT CALCULATING YOUR SHARE OF THE BUILDING'S COSTS

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Your lease defines the “building” that you are responsible for and in most cases, this will be the entire block, including all the communal entrances. There may also be a larger estate which includes facilities such as a car park, bin stores and grounds that you will contribute to.

Most leases set out a method for calculating the proportion of costs that a leaseholder must pay. This may be based on the number of flats, the floor area of the flats or the number of “habitable rooms” (bedrooms and living rooms in your flat). Your share of costs will be calculated based on the definition contained in the lease.

### PAYING FOR SERVICE CHARGES

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The lease sets out how we calculate service charges, and when you should pay them.

The lease may state that service charges should be paid monthly, quarterly or even annually in advance.

We send your estimated service charge statement each year around February. This is the amount we expect the cost of managing, maintaining and providing services to your block to be for the coming year (April through to March).

After the end of March, we calculate what the actual costs were during the year just gone. First of all, we send you a breakdown of any repairs that have been carried out, this gives you a chance to request further information or query any items on the list before they are included in the final reconciliation.



Finally, by the end of September we send you a statement showing the actual cost of each service provided during the year. The actual cost will be compared against the estimated cost to produce a balancing adjustment.

It is likely that there will be either an underpayment for you to pay, or an overpayment which will be credited back to your account.

## WHAT DOES MY CHARGE COVER?

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Your charges are broken down into several categories; you will only be charged for services that are provided to your building or estate. These are some of the categories you will see depending on the services provided. A full list is sent out with your service charge communications.

### **ASBESTOS CHECKS, FIRE RISK ASSESSMENTS, EMERGENCY LIGHT TESTING, LEGIONELLA CHECKS:**

These are all checks and tests that we are legally required to carry out for your safety.

### **BUILDING REPAIRS AND MAINTENANCE:**

The cost of repairs to your building and estate. There is a huge range of possible repairs, such as replacing light bulbs, clearing blocked guttering and other routine maintenance.

### **COMMUNAL CLEANING:**

Your share of the contract cost if your block has a cleaning service. The service is to clean communal areas including cleaning of communal windows.

### **COMMUNAL UTILITIES:**

Electricity / water / gas supply costs to the communal areas of your block / estate.



## CYCLICAL PAINTING AND PLANNED MAINTENANCE:

Part of the landlord's responsibility in the lease is to keep the building in a good state of repair. We do this by monitoring the condition of the building to assess when works are required. Cyclical painting includes redecoration of internal and external areas, planned maintenance is likely to be more major works such as replacement of windows or the roof.

While we take every care to get the estimated cost of these works correct, we will not have obtained firm prices from contractors when we send out the figures in February. This initial estimate will be based on our knowledge of similar works which have been carried out on other blocks. We will then carry out a legally required consultation exercise with leaseholders and as a part of this competitive tenders from contractors will be submitted. This is known as a Section 20 consultation. The estimates obtained during the consultation may differ from our original estimate but will be more accurate.

You will only be charged in the year we do the work, but it will cause a significant increase in your usual charge for that period. If your block has a reserve fund in place, then the amount due may be reduced by money already collected towards these works. Reserve or sinking funds are not collected on all blocks, in general they tend to apply to recently built blocks. Your solicitor should have made you aware of the arrangements when you purchased the property.

### **DOOR ENTRY:**

This is the charge for providing and maintaining of the door entry system if one is fitted to your building.

### **GROUNDS MAINTENANCE:**

The cost of cutting the grass and looking after shrubs, trees and hedges.

### **BUILDINGS INSURANCE:**

This is your share of the premium for insuring the building. We have a block policy, which covers all leasehold property. The policy is renewed annually and each year we send you the updated Summary of Cover. The



summary lists the risks covered by the policy and includes fire, earthquake, storm or flood, escape of water, falling trees, accidental damage, etc.

The policy covers the building but does not cover the contents in your home. You must arrange your own contents cover separately. When considering the need for contents insurance, please bear in mind that flats are vulnerable to leaks from one flat to another and there is no cover on the buildings policy should your belongings, carpets, blinds or furniture be damaged.

### **MANAGEMENT CHARGE:**

This is the cost of managing leasehold properties. It includes the staff and overhead costs associated with leasehold management functions such as managing leases, preparing service charges, managing service charge accounts, arranging insurance, service and utility contracts.

### **RESERVE/SINKING FUND:**

A fund to save towards future cyclical and major works to the block or estate (e.g. a new roof). Please note not all blocks will pay towards a reserve/sinking fund.



## HOW DO I PAY MY CHARGES?

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Paying by Direct Debit is simple and secure and will mean you don't have to worry about forgetting or being late. If you pay by this method, we can also offer you the opportunity to spread your payments monthly. If you would like to pay by direct debit, please contact us for a form. Alternatively, you can make a payment online through your account at [mywealdliving.com](https://mywealdliving.com)

## HOW MUCH WILL MY SERVICE CHARGE BE?

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The charge will vary from year to year; it can go up or down.

We must carry out a consultation with you (this is referred to as a Section 20 consultation) when we are entering into contracts or commissioning works where any leaseholder will have to pay more than:



- £100 in a year if the contract is longer than 12 months;
- £250 for a single item of work.

Charges will vary when we renew contracts, as the costs are subject to competition and current market conditions will affect the tenders which are received.

Costs will be higher in years when we carry out work to your building, it is very hard to predict from year to year the costs of repairs that will be required. Whilst we can forecast with the use of inspections and surveys when major works may be required it is impossible to accurately forecast precisely which year they will need to be completed.



## WHAT IF I CAN'T PAY MY SERVICE CHARGE?

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We understand that at times you may have financial problems. If you miss a payment, or think you will miss a payment, do not wait for us to contact you. You should contact us straight away by emailing [servicecharges@saxonweald.com](mailto:servicecharges@saxonweald.com).

If you are having long-term financial problems, you may be entitled to benefits to help you with your housing costs. If you would like to check if you are entitled to help you can contact our Money Matters Team by emailing [moneymatters@saxonweald.com](mailto:moneymatters@saxonweald.com) for advice. There are other agencies who can help if you do not want to discuss your financial circumstances with us. These include the Citizens Advice Bureau, and National Debtline (see the final page for contact details).

## WHAT HAPPENS WHEN THE FLAT IS SOLD?

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When you sell your flat, we will require you to pay any outstanding service charges.

Solicitors will normally ask us to provide information during the sales process, and we will declare details of the service charge and how it is paid. The solicitors acting for both seller and buyer can negotiate and agree if any allowance should be made for a service charge that has been paid in advance.

The solicitors may also decide it is sensible to agree a 'retention' (an amount of money held aside) if you have only received an estimated, rather than an actual bill for your service charge when you sell.

If you have bought a flat and receive a balancing account for a period prior to your ownership, you are responsible for that payment. Please ask your solicitor if you are unaware of what arrangements were made for settlement.



## INDEPENDENT ADVICE

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If you would like some independent advice or help understanding your lease and service charges, you can visit the Leasehold Advisory Service website, they are government funded and use of their advice service is free.

### **LEASE - The Leasehold Advisory Service**

Fleetbank House,  
2-6 Salisbury Square,  
London, EC4Y 8JX  
Tel: 020 7832 2500

Email: [info@lease-advice.org](mailto:info@lease-advice.org) [www.lease-advice.org](http://www.lease-advice.org)

## SERVICE CHARGE COMPLAINTS

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We take any queries about service charges seriously and we handle them through our complaints process. We aim to investigate and respond to service charge queries within 10 working days. The vast majority of queries are resolved at this point. In the unlikely event you are still unhappy, we will refer the issue to our customer experience team who will investigate and respond within 10 working days. This will be our final response.

## FIRST TIER TRIBUNAL

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If you are not satisfied with our response to your service charge complaint you can apply to the First Tier Tribunal for a determination on whether the charges are fair and reasonable. The tribunal can consider whether:

- costs are 'reasonable'
- works or services have been provided to a 'reasonable' standard
- if an amount payable before costs are incurred is 'reasonable'

## OTHER USEFUL CONTACTS

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Other organisations who provide helpful information and advice about your lease and help with managing your finances:

### Gov.uk

[www.gov.uk/leasehold-property](http://www.gov.uk/leasehold-property)

### ARMA The Association of Residential Managing Agents

Tel: 020 7978 2607

Email: [info@arma.org.uk](mailto:info@arma.org.uk)

[www.arma.org](http://www.arma.org)

### CITIZENS ADVICE

Tel: 0344 477 1171

[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

### NATIONAL DEBTLINE

Free, confidential and independent telephone helpline for anyone in debt.

Tel: 0808 808 4000

[www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)

### SHELTER

One-to-one, personalised help with housing issues.

Free helpline 0808 800 4444

[www.shelter.org.uk](http://www.shelter.org.uk)

### STEP CHANGE DEBT CHARITY

Debt advice available to all, including debt management plans.

Tel: 0800 138 1111

[www.stepchange.org](http://www.stepchange.org)

You can contact our Weald Living & Service Charge Team:

Lease enquiries: [homeownership@wealdliving.com](mailto:homeownership@wealdliving.com)

Service charge enquiries: [servicecharges@saxonweald.com](mailto:servicecharges@saxonweald.com)

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