

# SERVICE CHARGES



WEALD *Living*

by Saxon Weald

INFORMATION CORRECT AS OF DECEMBER 2018

## INTRODUCTION

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Weald Living is a brand within Saxon Weald which covers the services we provide to home owners and private market renters. Saxon Weald, established in 2000, is a charitable housing association and manages approximately 6500 properties in addition to its Weald Living homes.

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 flat blocks contain leaseholders and tenants, all the flats are included in sharing the costs, with the tenants' element added to the rent they pay.

## 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 through the Right to Buy scheme. A new lease is not drawn up when the flat is sold on – the new owners take over the existing lease and conditions.

You should have a copy of your lease and understand its terms. 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 lease requires Saxon Weald as landlord to:

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

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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.

If your building is part of an estate, and shares facilities such as a car park or gardens with other blocks, the lease will also define the estate and make you responsible for sharing the cost of maintaining it.

Most leases set out a method for calculating the proportion of costs that a leaseholder has to pay. Your lease provides that charges are paid based on the number of "habitable rooms" (bedrooms and living rooms) in your flat. Your share of costs (the service charge) is dependent on the number of habitable rooms in your flat in comparison to others in the building.

Details of the total number of habitable rooms in the block, the number of habitable rooms in your flat, and the proportion of costs you must pay will be outlined in each service charge statement you receive.

## **PAYING FOR SERVICE CHARGES**

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

As landlord, we have to estimate the charges for the year from April through to March. The total estimated cost should then be paid quarterly in advance on 1 April, 1 July, 1 October and 1 January.

We send your estimated service charge statement each year around February. You receive quarterly invoices on the due date e.g.

ESTIMATED SERVICE CHARGE FOR THE YEAR		£500
QUARTERLY INVOICES	1 APRIL	£125
	1 JULY	£125
	1 OCTOBER	£125
	1 JANUARY	£125
		£500

After the end of March, we have to calculate what the actual costs were during the year just gone.

We then send you a statement by the end of September 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 either we may owe you a small amount of money or you may owe us a small amount of money. We will incorporate the balancing adjustment into the invoice sent on 1 October.

## WHAT DOES MY CHARGE COVER?

Your charges are broken down into a number of categories: you will only be charged for services that are provided to your building or estate.

**BUILDING REPAIRS AND MAINTENANCE:** The cost of repairs to your building and estate (if any). There is a huge range of possible repairs, but the most common are replacing light bulbs, clearing blocked guttering and other routine maintenance.

**COLD WATER TANK MAINTENANCE:** The cost of the legally required testing and maintaining water quality in shared water tanks.

**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 ELECTRICITY:** The cost of electricity for lighting paths, staircases, etc.

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**CYCLICAL PAINTING:** Part of the landlord's responsibility in the lease is to keep the building in a good state of repair. We do this by having a regular cycle of redecoration and repair. 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.

While we take every care to get the estimated cost of painting correct, we will not have surveyed your block when we send out the figures in February. After the survey, we still have to complete a legally required consultation exercise with leaseholders. The estimate in the consultation document may differ from our original estimate, but will be more accurate.

**DOOR ENTRY:** This is the charge for rental and maintenance of the door entry system if one is fitted to your building.

**GROUND MAINTENANCE:** The cost of cutting the grass and looking after shrubs, trees and hedges.

**PLANNED MAINTENANCE:** Some components will fail and require replacement (e.g. roof, windows etc.) as the building gets older. We aim to anticipate and replace elements before they fail. We call these larger scheduled repairs 'planned maintenance'. Planned maintenance is likely to cause a significant increase in your usual service charge.

**BUILDINGS INSURANCE PREMIUM:** 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. Your premium is based on the number of bedrooms in your flat.

Please contact us if you need to make a claim on the policy.

The policy covers the building but does not cover the contents in your home. You must arrange your own contents cover separately. Before disregarding 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.

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**MANAGEMENT CHARGE:** The cost of managing leasehold properties:

- Maintaining records and systems
- Replying to enquiries
- Issuing service charge bills
- Collecting service charges
- Staff costs, overheads, postage and stationery

## **HOW DO I PAY MY CHARGES?**

We will send you an invoice each quarter for your service charge and expect payment within 28 days.

Paying by Direct Debit is simple and secure, and will mean you don't have to worry about forgetting or being late. If you would like to pay using this method, please contact us for a form. Alternatively, you can make a payment online through your account on the [mywealdliving.com](http://mywealdliving.com) portal or at [www.wealdliving.com](http://www.wealdliving.com). You can also pay via internet banking. Here are the details you'll need:

- NatWest Bank
- Account name: Saxon Weald
- Sort code: 60-11-17
- Account No: 67088848

Please quote your reference number / name to ensure your account is credited.

You can also make a card payment over the telephone or send us a cheque.

We will accept monthly payments as we appreciate this may assist you with budgeting. Monthly payments should be agreed with our Finance Team, and preferably made by direct debit. We will consider requests to pay monthly by other methods, on the understanding that if payments are not made on a regular basis, the arrangement would be cancelled and full payment due.

## **HOW MUCH WILL MY SERVICE CHARGE BE?**

The charge will vary from year to year; it can go up or down without any limit beyond a legal requirement that it is reasonable.

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As your landlord, Saxon Weald must go through a legal consultation process before committing to contracts that result in any leaseholder having to pay more than: £100 in a year if the contract is longer than 12 months; £250 for a single item of work.

Charges are less predictable when we have to renew contracts, as the costs are subject to competition and will be unknown until tenders are received.

Costs will be higher in years when we carry out work to your building. You do not pay in advance for maintenance so the service charge will be greater in years when work is carried out.

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

Please talk to us if you are having problems with paying your service charge.

In cases of hardship, we would rather be flexible over payment instead of putting your home at risk because of non-payment.

### **WHAT HAPPENS WHEN THE FLAT IS SOLD?**

When you sell your flat we will require you to pay all service charges that have been invoiced.

Service charges are payable quarterly in advance and this means you will have to pay the whole quarter, even if you sell part way through, and even if we have agreed you may pay by monthly instalments.

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.

You can contact our Home Ownership Team on 01403 226060  
or [homeownership@wealdliving.com](mailto:homeownership@wealdliving.com)

You can contact our Finance Team on 01403 226060  
or [finance@saxonweald.com](mailto:finance@saxonweald.com)

Free independent advice can be obtained from LEASE (The  
Leasehold Advisory Service) [www.lease-advice.org/](http://www.lease-advice.org/)

Post: LEASE at Fleetbank House,  
2-6 Salisbury Square, London, EC4Y 8JX



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