



Your service charges explained

A guide to your 2021/22 service charge statement
September 2022

What is a service charge?

A service charge is a payment made by you, as a tenant or homeowner, towards the cost of providing and maintaining communal services associated with your home, such as grounds maintenance of communal space. This cost is additional to any rent or ground rent that you may pay.

What is the difference between eligible and ineligible service charges?

Eligible service charges will be covered by any housing benefit (HB) or universal credit (UC) claim. Examples of these are communal costs, such as cleaning of communal areas and grounds maintenance of communal spaces.

Ineligible service charges are charges to you for personal costs, not communal costs. These are not eligible for HB or UC, so you will need to pay these charges yourself. An example of personal costs is where there is a communal heating system within your scheme providing heating direct to your home. If you are a leasehold homeowner, an ineligible charge will be buildings insurance, where your flat is within a block and therefore, we pay the buildings insurance for your flat on your behalf and recharge to you.

What is a scheme? What is a block?

We group properties together that share the same services as you. A group of properties that share the same services, for example, grounds maintenance, are all within the same scheme.

Sometimes only some of the properties within a scheme share a particular service, for example communal area lighting, and those properties will be considered to be in the same block.

How are the costs allocated to you?

Communal costs are allocated across the number of homes that benefit from the particular service. For example, if grounds maintenance works benefit 30 homes, the cost will be split equally and each resident will be charged 1/30th of that ground maintenance cost. If communal lighting only benefits five homes, this associated cost will be split equally, so each resident pays 1/5th. Your service charge statement will show the total charge by type of cost for each scheme/block and the number of homes the cost is split between.

How are your service charges calculated?

Firstly, we work out an estimate

We estimate the costs we think we will spend during the financial year ahead, by seeing what was spent for each scheme/block in previous years. We consider any contract changes that have been or are likely to be, introduced, as well as other factors such as inflation, VAT changes or a change to the nature of the service provided. Some costs are very difficult to estimate, such as responsive repairs, so in this instance, an estimate is calculated by looking at what we spent across all our schemes in the previous year. A service charge estimate is calculated before the start of each financial year beginning in April and we notify you of this 30 days in advance, showing the amount you will pay during the upcoming year.

Then, your statement of what we actually spent is prepared

At the end of each financial year, we review what we actually spent on providing communal services to your scheme or block, so that you only pay for what we actually spent. A statement is sent to you within 6 months of the end of the financial year, i.e. by 30 September in any given year.

What does an estimate mean and how does it relate to your statement?

An estimate is just that, an estimate of what we think we will spend in providing communal services to your scheme or block and this amount is paid by you throughout the year to which the costs relate.

A service charge statement is issued after the end of each financial year. If we have spent less than the estimate which you have already paid, this will show as a surplus on your statement.

If you have a surplus, which means our estimate was higher than the actual costs, then we owe this surplus back to you. If you have a deficit, then the actual costs incurred were higher than our estimate and you owe us this deficit.

Refunding of surpluses and collection of deficits

If you are a tenant

We do not refund any surplus directly to our tenants, nor do we request you pay any deficit. Instead, the collection of a deficit or a refund of a surplus will be made as an adjustment to your 2023/24 estimate, of which you will be notified before April next year. The next estimate of costs for 2023/24 will be calculated and then the 2021/22 surplus will be deducted or the 2021/22 deficit will be added. The adjusted 2023/24 estimate will be paid by you throughout the 2023/24 financial year, either weekly or monthly, in accordance with the terms of your tenancy agreement.

If you are a homeowner

If you are a homeowner, the 2021/22 deficit or surplus will be adjusted on your account. Once adjusted, if the resulting balance on your account remains a deficit, this amount should be paid to us by 31 October 2022.
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If your resulting account balance is a surplus, this can either be left on your account to go towards future service charge bills or, providing you are up to date with all payments, you can request a refund of your account balance. If you wish to request a refund, please contact us with your bank details including: Name of the Account Holder, Bank Name, Sort Code and Account Number. If you are a joint agreement holder and payment is to be made to a sole bank account, we do need written authority from the other agreement holder giving consent for payment into a sole bank account. Please have this information available prior to calling us.

If you are in receipt of UC, please contact the Income team, so that we can liaise with you and update our records accordingly.

Universal Credit (UC) & Housing Benefit (HB)

If you receive full or partial HB you will be notified by your local authority of your new benefit entitlement after you receive your service charge estimate in March next year. If you are a tenant, we will inform the local authority of your new rent and other eligible charges on your behalf - you do not need to contact us about this. If you are a shared owner you will need to notify the benefit authority yourself.

If you receive UC, you will need to inform the Department for Work and Pensions (DWP) of any changes on your UC claim. We will notify you of your new service charge estimate next March. You do not need to do anything now. Please note that you cannot update your UC claim until the day in April 2023 that the new charges take effect.

All tenants should declare their weekly rent amount on Monday 3 April 2023 in line with their rental agreement, even if you pay another frequency i.e. monthly. Only shared owners should declare their monthly rent amount. Shared owners should declare their monthly rent amount on Friday 7 April 2023 and cannot declare in advance of that date.

Please note: Ineligible service charges are not covered by HB or UC.

The service charge cycle

**April 2020
to
March 2021**

Estimate sent
March 2020

Paid April 2020 to
March 2021

Actual spend
statement

Sent
September 2021

Surplus or deficit
adjusted in your
2022/23 estimate

(Homeowners only:
your amounts are
added to your
account in
September 2021)

**April 2021
to
March 2022**

Estimate sent
March 2021

Paid April 2021 to
March 2022

Actual spend
statement

Sent
September 2022

Surplus or deficit
adjusted in your
2023/24 estimate

(Homeowners only:
your amounts are
added to your
account in
September 2022)

**April 2022
to
March 2023**

Estimate sent
March 2022

Paid April 2022 to
March 2023

Actual spend
statement

Sent
September 2023

Surplus or deficit
adjusted in your
2024/25 estimate

(Homeowners only:
your amounts are
added to your
account in
September 2023)

The types of costs included in service charges

COSTS ELIGIBLE FOR HOUSING BENEFIT / UNIVERSAL CREDIT

These are costs related to the repairs to/maintenance of communal areas

Building cleaning	Costs relating to any cleaning incurred within the communal areas of your building.
Communal utilities - electricity, gas, oil etc	Relating to communal supplies, such as stairwell lighting and heating of communal areas.
Communal telephone lines	Costs relating to any communal phones or phone lines in communal areas for lifts, alarms etc.
Communal internet charge	Costs relating to a communal internet service that is available in a communal area.
Door entry	Costs relating to the servicing and maintenance of the communal door entry system.
Electrical testing / emergency lighting	The cost of checking any electrical equipment that uses the communal supply, such as equipment in communal areas or larger items such as lifts. Also includes testing/servicing of emergency lighting.
Fire safety	The cost of maintaining any fire safety equipment within the communal areas.
Furniture / equipment	Costs relating to the usage of furniture and equipment for communal areas such as communal lounges and kitchens.
Grounds maintenance	The cost of maintaining any common areas of outdoor space, from cutting the grass to litter picking and maintaining the hedges.
Legionella monitoring/testing	The costs complying with our legal responsibilities to ensure the health and safety of our tenants by regularly assessing the risk of bacteria that cause Legionnaires' disease, a potentially fatal form of pneumonia.
Lift	Costs relating to the servicing and maintenance of the communal lift.
Managing agent costs	These costs are incurred when a third party looks after some or all of your communal services.
Pest control	Pest control costs within both internal and external communal areas.
Refuse/fly tipping	Removal of waste and fly-tipped items from internal and external communal areas.
Repairs - type 1 (all pay)	Repairs to any communal areas that all residents pay towards, such as door entry, lighting and lift repairs.

COSTS ELIGIBLE FOR HOUSING BENEFIT / UNIVERSAL CREDIT

These are costs related to the repairs to/maintenance of communal areas

Repairs - type 2 (homeowners only)	Repairs to any communal areas, such as roof repairs, that only Homeowners pay towards via their service charge (as a tenant's portion is paid from their rental charge).
Scheme staff	Scheme staff that complete Service Charge activities.
Tree maintenance	Costs relating to any tree works within the communal grounds.
TV licences	The cost of the TV licence in a communal lounge.
Window cleaning	Costs of cleaning any communal windows.
(Surplus)/deficit adjustment	If there was an adjustment on your 2021/22 Service Charge estimate for a surplus or deficit relating to 2019/20, then this will also appear on your statement of actual costs. If you are a Leaseholder the (surplus)/deficit adjustment has already been applied to your account, so it will not appear on your statement.
Management fees	A management fee is included to cover the administrative cost of managing the communal services. It is calculated at 15% on all costs, except for Managing Agent costs, when our management fee is calculated at 5%.

COSTS INELIGIBLE FOR HOUSING BENEFIT / UNIVERSAL CREDIT

These are costs related to the provision of personal supplies and not repairs to/maintenance of communal areas

Insurance (Homeowner only)	The cost of insuring your flat or Shared Ownership property (this does not include contents insurance and only relates to buildings insurance).
Personal utilities (gas, electricity and water supply to individual dwellings)	If there is only one communal supply for any of the utilities for where you live, the costs will be recharged through your service charge. If you have your own meter, the costs will be charged directly to you by your supplier.
Sewage plant, biodisc and septic tanks	These are the costs you would pay the water board if you were connected to the mains sewage system, including any repairs.
Management fees	A management fee of 15% is included to cover the administrative cost of managing these services, except for personal utilities which incur a management fee of 5%.

Summary of tenants' rights and obligations

1. This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.

2. Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.

3. You have the right to ask the First-tier Tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine -

- who should pay the service charge and who it should be paid to;
- the amount;
- the date it should be paid by;
- how it should be paid.

However, you do not have these rights where-

- a matter has been agreed or admitted by you;
- a matter has already been, or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose;
- or a matter has been decided by a court.

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4. If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.

5. Where you seek a determination from the First-tier Tribunal, you will have to pay an application fee and, where the matter proceeds to an oral hearing, a hearing fee, unless you qualify for fee remission or exemption. Making such an application may incur additional costs, such as professional fees, which you may have to pay.

6. The First-tier Tribunal and the Upper Tribunal (in determining an appeal against a decision of the First-tier Tribunal) have the power to award costs in accordance with Section 29 of the Tribunals, Courts and Enforcement Act 2007.

7. If your landlord -

- proposes works on a building or any other premises that will cost you or any other tenant more than £250, or
- proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period.

your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or the First-tier Tribunal has agreed that consultation is not required.

8. You have the right to apply to the First-tier Tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.

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9. You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must:

- cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or
- cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods.

The summary must be given to you within 1 month of your request or 6 months of the end of the period to which the summary relates whichever is the later.

10. You have the right, within 6 months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.

11. You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.

12. Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.

How can we help you?

We have a dedicated Income team with specialist welfare advisors who offer a confidential service and can help you:

- find the most convenient method of payment
- find advice if you are finding payment difficult
- maximise your income

How can you contact us?

<p>To discuss your options with one of our Income team</p>	<p>Income team</p>	<p>Income team 0300 3300 900 (selecting option 2 then option 1) myaccount@havebury.com</p>
<p>Regarding delivery of service, such as a repair or ground maintenance works not being done</p>	<p>To report a repair</p> <p>To report a neighbourhood issue</p>	<p>Repairs team 0300 3300 900 (selecting option 1 then option 1) repairs@havebury.com</p> <p>Tenancy & Estates team 0300 3300 900 (selecting option 2 then option 2) myarea@havebury.com</p>
<p>Regarding the service charge estimate and the calculations</p>	<p>Service Charge team</p>	<p>Service Charges 0300 3300 900 servicecharges@havebury.com</p>

You can manage your tenancy via myHavebury. Visit my.havebury.com or scan this QR code to access it.

