

# Service charges explained

Co-operative, Tenant and Resident Management Organisations

2016



## **Protecting public money**

This authority is under a duty to protect the public funds it administers, and to this end may use any information you have provided for the prevention and detection of fraud. We may also share this information with other bodies responsible for auditing or administering public funds for these purposes.

These notes are intended only as a guide. They are believed to be accurate at the time of writing, but are not intended to be relied upon in the event of difficulties or disputes arising in connection with your lease. In such cases you should seek independent legal advice.

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# Introduction

The management of your property is the responsibility of your Management Co-operative (Co-op), Tenant Management Organisation (TMO) or Resident Management Organisation (RMO) who are agents of the council. They are companies formed by residents who have joined together to manage their own dwellings in partnership with the council. A legally binding agreement between the council and the co-operative sets out the responsibilities of each party, together with financial arrangements and procedures to be followed.

Once established the co-operative has full responsibility for the general housing management of the estate such as day to day repairs, cleaning and garden maintenance.

The cost of services which a co-operative does not provide, such as building insurance and major works charges, are assessed and charged by the council.

As a leaseholder you are recharged your service chargeable costs through an **annual service charge bill** including both the co-operative and the council's costs. This booklet informs you about these services and about what is included in your service charge bill.

The income collection service in the revenue services division carries out the billing and collection of your service charges.

## Leaseholders' website

Information about service charges and services to leaseholders is available on our website at:

**website:** [www.wandsworth.gov.uk/leaseholders](http://www.wandsworth.gov.uk/leaseholders)

Individual co-operatives also have their own websites and the addresses for these can be found on the council website as well as at the back of this booklet.

## **The Service Charge Bill**

The documents included with your service charge bill are explained in detail later in this booklet and will include:

- Appendix A – The Co-operative's Summary of Actual Costs for 2015/2016
- Appendix B – The Council's Summary of Actual Costs for 2015/2016
- Appendix C – The Co-operative's Summary of Estimated Costs for 2016/2017
- Appendix D – The adjustment and the Council's Summary of Estimated Costs for 2016/2017
- An annual service charge invoice, including information about your monthly payments where applicable
- A Section 153 Notice (in accordance with the Commonhold and Leasehold Reform Act 2002)

## **The Major Works Bill**

If your property has recently undergone or is undergoing major works or external decorations you have been sent separately:

- A summary of the estimated costs of the major works
- An invoice for the major works
- A Section 153 Notice (in accordance with the Commonhold and Leasehold Reform Act 2002)

# Your service charge bill

## **Appendix A – Co-operative Summary of Actual Costs for 2015/2016**

The summary of costs gives information about the property concerned and the estate and block percentages in accordance with your lease agreement. It also details the actual amount spent by your co-operative during the financial year from 1 April 2015 to 31 March 2016 broken down by estate and block costs. This summary has been prepared from the co-operative certified audited accounts as agreed by the management committee and approved by your Annual General Meeting. The co-operative office will provide you with a copy of the certified accounts and supporting documents on request.

## **Appendix B – Council Summary of Actual Costs for 2015/2016**

This is similar to the co-operative's summary of costs and provides information of service chargeable expenses incurred by the council. The costs have been extracted from the council's closed accounts for the financial year from 1 April 2015 to 31 March 2016. If you require further details of the council's expenses, then you should contact your co-operative office, who will liaise with the council on your behalf.

## **Appendix C – Co-operative Summary of Estimated Costs for 2016/2017**

The summary of estimated costs for 2016/2017 gives details of the estimate based on the co-operative's budget. The budget must be approved by members of the co-operative at their general meeting. This amount is then added to the council's estimate (Appendix D) - see below.

## **Appendix D – Service Charge Adjustment for 2015/2016 and Council's Summary of Estimated Costs for 2016/2017**

This consists of three parts as follows:

**Part 1** – shows the service charge adjustment for 2015/2016 – i.e. the difference between the total actuals (taken from Appendix A and B) and the estimated amount charged to you the previous year.

**Part 2** – shows the council's summary of estimated costs for 2016/2017

**Part 3** – Total Service Charge Now Due – this is the amount on your invoice and summarises the total amount of your service charge that is now due and payable under the terms of your lease.

## **Section 153 Notice**

In accordance with the Commonhold and Leasehold Reform Act 2002 this notice accompanies all demands for payment of a service charge. It gives a summary of the rights and obligations of tenants of dwellings in relation to service charges.

# Your major works bill

In the main, leaseholders are consulted before any major works are carried out. At the time of the consultation you will have been sent information about the programme of works, which would have included an estimate of the amount you will have to pay.

## **Summary of estimated cost for major works**

This gives the estimated cost for major works to your property. The total amount is shown, together with the proportion you have to pay. You will also find an invoice detailing this amount.

## **The major works audited final account**

Major works can take some time to complete and the council is not in a position to know the full cost until the work is finished, the defects liability period expired and the contractor's accounts are summarised, checked and audited. It is for this reason that the council has estimated your major works bill according to the cost of the works programmed each year. When your actual charge has been calculated you will be notified and a debit or credit note will be sent to you. This will take into account the difference between the estimated amount and the actual amount.

# How to pay

Owner-occupiers can arrange to pay their service charges and major works bills by ten monthly, interest free instalments. Owners who live at another address are not entitled to pay by instalments.

## The instalment facility

The instalment facility is a discretionary scheme originally designed to help owner-occupiers who were buying their property and to encourage the take-up of home ownership. As such this scheme was never intended to help businesses and investors in property. For this reason the instalment facility is only available to owner-occupiers. If you are the owner-occupier you can arrange to spread the payment of your service charge, interest free, over a maximum of ten months from the month you receive your invoice on the understanding that payments are kept up to date throughout the year.

**The council will consider withdrawing the discretionary monthly interest free instalment facility for those leaseholders who are in arrears.**

### Owners who live at another address

- Your bill should be settled within 14 days of receipt (in accordance with your lease agreement)
- Failure to pay your bill on time could result in interest being charged at 6% above Barclays Bank base rate. This is in accordance with the covenant in your lease

## Paying by Direct Debit

Direct debit is the easiest way to pay, if you have a post office, bank or building society account. A direct debit gives the council permission to take money from your bank account in agreed amounts at agreed times.

The direct debit form is printed on the back of the service charge invoice and may also be downloaded from our website. Complete and return this to the council and we will send it to your bank.

Your direct debit instruction will be renewed each year for your annual service charge bill. If you receive a major works invoice then this will not automatically be added to your instructions. However, this can be arranged by contacting the income collection service.

## Debit or credit card

There are a number of ways that you can pay by debit or credit card (except American Express and Diners Card), 24 hours a day, seven days a week.

## Over the telephone

Call **0800 021 7763** (freephone). You will need your eight-digit service charge account number and your seven-digit invoice number.

## Online

Visit the council's website at [www.wandsworth.gov.uk/incomecollectionservice](http://www.wandsworth.gov.uk/incomecollectionservice)

Please note there is a charge of 1.4% for credit card payments. There is no charge for debit card payments.

## Internet banking

You can pay your service charge bill by internet banking. You will need to quote your eight-digit service charge account number, your seven-digit invoice number, our bank sort code 60 22 28, and our bank account number 69612544. Failure to quote these details may result in the council being unable to correctly allocate your payment.

## Payments in cash at PayPoint outlets

You can pay your barcoded service charge invoice at any PayPoint outlet by CASH only.

These are situated at many convenience stores and newsagents throughout the borough. You will be given a receipt which you should keep for your records. You will not be charged for this service. Please allow at least five working days for payments to reach us.

A list of the current outlets is available at: [www.paypoint.co.uk/locator](http://www.paypoint.co.uk/locator)

## Paying at a Post Office

You can use your barcoded service charge invoice to pay your service charge at the Post Office by cash, cheque or debit card. Cheque payments should be made payable to Post Office Counters Ltd. You will be given a receipt which you should keep for your records. You will not be charged for this service. Please allow at least five working days for payments to reach us.

A list of the current outlets is available at: [www.postoffice.co.uk/branch-finder](http://www.postoffice.co.uk/branch-finder)

These payment methods are also shown on the back of your service charge invoice.

**If you recently purchased the property from another leaseholder and this invoice covers a period when you were not the owner, you will need to arrange for your solicitor to apportion the service charge bill. The council does not carry out apportionments - see 'Frequently asked questions' on page 12.**

## Spreading the costs of major works

In some circumstances you can spread the cost of major works over a number of years (subject to certain conditions) with a major works loan. An application form can be requested from the income collection service on:

**telephone:** (020) 8871 6299

**email:** l&m@wandsworth.gov.uk

## Discretionary service charge reduction

In certain circumstances you may be able to have your service charges, including major works, reduced. A reduction will usually only be awarded on the grounds of exceptional financial hardship and you will need to prove that you have explored all possible options to raise the funds to pay for your service charges.

Service charge reductions are discretionary and apply to repairs, maintenance and improvement works. Garden maintenance and certain other works are excluded.

For further information or an application form contact the property accounts section:

**telephone:** (020) 8871 7287

**email:** propertyaccounts@wandsworth.gov.uk

## Help with paying routine and major works service charge bills

If you are a pensioner on a low income you MAY be entitled to pension credit or if you are in receipt of income support or job seekers allowance, you MAY be entitled to assistance from the Department for Work and Pensions to pay towards your service charges and any major works bills.

### **Pensioner on a low income (the pension service)**

**telephone:** 0800 991234 (freephone advice number)

**direct number:** 0345 606 0265

### **Income support or job seekers allowance (Department for Work and Pensions)**

**telephone:** 0345 608 8545

**email:** enquiries@dwp.gsi.gov.uk

Or contact your local office where your benefit claim is assessed.

To make a claim, you will need to send the DWP copies of your bill(s), the summary of costs and any Major Works Section 20 Notice. The DWP will confirm if you are eligible under their guidelines, and it is best to make any application as soon as possible otherwise your claim may be delayed or refused. However you should not withhold payment while your claim is being assessed.

**For further information regarding making payments and setting up instalment facilities please contact the income collection service. You should remember that your home is at risk if you do not keep up to date with your service charge payments.**

**telephone:** (020) 8871 6299

**email:** l&m@wandsworth.gov.uk

# What is included in your service charge?

All the expenses incurred by your co-operative are properly recorded in their accounts and at the end of each financial year your appointed accountant is required to audit the accounts and records. The audited accounts should then be agreed at your Annual General Meeting. The remainder of the services are provided to you direct from the council. In any event, only those expenses that are properly chargeable under the lease go to make up your service charges.

## Services provided by your local co-operative office

The services provided by your co-operative office are shown on the 'Co-operatives Summary of Actual Costs' (see appendix A)

## Services provided by the council

The services provided by the council are shown on the 'Wandsworth Council – Summary of Actual Costs' (see appendix B). These include the following:

### Building Insurance

As required under your lease, the council as landlord and freeholder, insures the block in which you live. The sum insured attributable to your property is shown on Appendix B – Council's Summary of Actual Costs and refers to the cost of reinstating your property, not its market value.

Where you have asked us to increase the sum insured over and above the council's own figure, the higher figure has been used. If you asked us to do this after 1 April, this has been arranged and the extra amount will appear in next year's bill. The sum insured is reviewed every year to ensure that it adequately reflects increases in rebuilding costs. Other factors may affect the premium payable, such as major fluctuations in claims experience, or the extent of terrorist activity, but the council regularly tests the market to ensure that insurance costs are competitive.

### Contribution to Fund

All building insurance claims are handled by the insurer (currently Zurich Municipal). The council carries a large excess on claims under its residential property portfolio. Building insurance claims over £50,000 are paid by the insurer from their own funds.

To provide for the cost of building insurance claims/repairs under £50,000 the council maintains a fund and has to obtain contributions from leaseholders instead of collecting premiums. The combined cost of this contribution, together with the premium payable to Zurich Municipal, (shown under the Building Insurance heading above) represents a substantially reduced cost when compared with standard insurance premiums.

## **Management Expenses**

These include the leaseholder's share of general expenses such as premises, salaries and office expenses and your proportion is included within the co-operative's accounts.

Similarly, for those services provided by the council, leaseholders bear their proportion of the management expenses incurred. This includes the cost of preparation, dispatch and collection of your annual service charge demand and the administration of the building insurance policy.

The management expenses are charged as a percentage oncost of all the other items of the service bill excluding the emergency response and repair elements (estate, block and lift repairs). The repair elements already include an appropriate Minor Works Commissioning Fee.

## **Minor Works Commissioning Fee**

A fee is added to all repairs and maintenance expenditure and it is included in the total amounts shown for estate, block and lift repairs in the council's costs. This covers technical, supervisory and administrative costs associated with repairs and maintenance works.

# Frequently asked questions on services charges

## Where can I query my service charge bill?

In the first instance you should contact your local co-op office, preferably in writing or by email, and they will investigate your query and provide you with a response. If the council provides the service, then the co-op office will contact the relevant council department for the answer and pass this information on to you direct.

## Why is the service charge estimated?

We cannot know in advance the exact amount of money we will spend on service charges in this financial year. Therefore you are charged an estimated amount, which is based mainly on the budget for the co-operative or actual costs for the previous year, plus an allowance for inflation.

## What happens if the actual amount is different from the estimated amount?

When the year is completed, the council calculates the actual service costs it has incurred and an adjustment will be made in the next service charge bill. If the co-operative/council have spent more than its estimate, you will be required to pay the difference with your next bill. If it has spent less, your service charge for the coming year will be reduced by the difference.

## What if I am unable to start payments?

If you have difficulty in making payment on the due date you should contact the Income Collection Service immediately on:

**telephone:** (020) 8871 6299

**email:** [l&m@wandsworth.gov.uk](mailto:l&m@wandsworth.gov.uk).

## Will you charge me interest if I am late paying my bill?

Your lease states that interest will be charged at 6% above the Barclays Bank Base Rate if payment is not received within 14 days. However, no interest will be charged if you have made arrangements with the council and you do not fall into arrears. Leaseholders who have previously fallen into arrears may not be allowed further instalment facilities until their account is brought up to date.

## What is forfeiture of a lease?

If you fall into arrears with your routine service charge or major works bill and you have been given a reasonable time to pay off the debt, the council, as Landlord can apply to the County Court for a forfeiture order to terminate your lease. This would result in the ownership of your property reverting back to the Landlord. Please refer to our leaflet 'Forfeiture of a Lease' on the council's website for further details about the process.

## Who should I contact if I am subletting my property and I change my address?

You should write to the Housing and Community Services Department in the first instance (see useful contacts on page 15). Please ensure that the Income Collection Section are aware of any change of address if you no longer reside in the property. Some sub-tenants do not forward post onto their landlord but it is still your responsibility as leaseholder to ensure that your account is paid up to date.

**telephone:** (020) 8871 6299

**email:** l&m@wandsworth.gov.uk

## What happens when there is a change in ownership of a leasehold property?

When a property is bought or sold then the service charge liability needs to be apportioned between the buyer and seller. The council does not carry out any apportionment. This is the responsibility of the solicitors involved to ensure that the change of ownership is completed smoothly.

Solicitors should request a **Pre-Assignment Package** from Housing and Community Services prior to completion. This gives full details of the lease and includes such items as the current amount outstanding, the period covered, the insurance cover and if there are any planned major works. Your solicitors will then apportion the liability and arrange payment to the council. Usually the solicitors will hold some funds back from the sale proceeds to meet any future adjustments.

To request a pre-assignment package contact Leasehold Services on:

**telephone:** (020) 8871 7046

**email:** hlandp@wandsworth.gov.uk

# Complaints

## **Making a complaint**

Unfortunately there are times when things go wrong and as part of our commitment to delivering high-quality services we want to know when this happens. If you are dissatisfied with any aspect of the service you have received you should let us know as soon as possible. More information on how to do this can be found at:

**[www.wandsworth.gov.uk/complaints](http://www.wandsworth.gov.uk/complaints)**

# Useful Contacts

## Co-operative Contacts

General enquiries about the amount charged or the works carried out should be made to 'The Manager' of your relevant Co-operative/TMO/RMO as follows:

### Ackroydon East TMO

**address:** 26 Montfort Place,  
London SW19 6QL

**telephone:** (020) 8785 7573

**email:** info.aetmo@btconnect.co.uk

**website:** www.aetmo.co.uk

### McCarthy Court Co-op

**address:** 21 Stanmer Street, Battersea,  
London SW11 3EQ

**telephone:** (020) 7228 2894

**email:** office@mccarthycourt.org

**website:** www.mccarthycourt.org

### Battersea Fields Resident Organisation Ltd

**address:** Basement, Walden House,  
Dagnall Street, London SW11 5DB

**telephone:** (020) 7622 7499

**email:** office@batterseafields.co.uk

**website:** www.batterseafields.co.uk

### Patmore Co-op Ltd

**address:** Co-operative Office, Drury House,  
Stewarts Road, London SW8 4JJ

**telephone:** (020) 7622 4495

**fax:** (020) 7622 4513

**email:** team@patmorecoop.org.uk

### Carey Gardens Co-op

**address:** Carey Gardens Co-op,  
296 Carey Gardens, London SW8 4HW

**telephone:** (020) 7498 3664

**fax:** (020) 7978 1428

**email:** housing@careygardens.co.uk

**website:** www.careygardens.co.uk

### Totteridge House Co-op

**address:** Ground Floor Offices,  
Totteridge House, Yelverton Road,  
London SW11 3QQ

**telephone:** (020) 7738 2358

**fax:** (020) 7738 2411

**email:** office@totteridgehouse.org

**website:** www.totteridgehouse.org

### Goulden House Co-op

**address:** Estate Office, Entrance A,  
Winders Road, London SW11 3HF

**telephone:** (020) 7924 5213

**email:** office@gouldenhouse.org

**website:** www.gouldenhouse.org

### Wimbledon Park Co-op Ltd

**address:** 2 Fernwood, Albert Drive,  
London SW19 6LR

**telephone:** (020) 8780 9980

**email:** office@wimbledonpark.org

**website:** www.wimbledonparkco-op.org.uk

## Who to Contact in Housing and Community Services

### For Eastern, Southern and Central Area Teams:

#### Eastern Area Team

**telephone:** (020) 8871 7439

**email:** housingeasternteam@wandsworth.gov.uk

#### Southern Area Team

**telephone:** (020) 8871 7288

**email:** housingsouthernsteam@wandsworth.gov.uk

#### Central Area Team

**telephone:** (020) 8871 5333

**email:** housingcentralteam@wandsworth.gov.uk

### For Western Area Team

**correspondence:** Wandsworth Council, Housing and Community Services, Western Area Team, 38 Holybourne Avenue, London SW15 4JE

**telephone:** (020) 8871 5530

**email:** housingwesternteam@wandsworth.gov.uk

### If you do not know which area team your resident participation officer comes under contact:

**telephone:** (020) 8871 8327

**email:** hms@wandsworth.gov.uk

### General Housing and Community Services Details

**address:** Wandsworth Council, Housing and Community Services, Town Hall, Wandsworth High Street, London SW18 2PU.

**email:** hms@wandsworth.gov.uk

**website:** wandsworth.gov.uk/housing

## Who to Contact in the Finance Department

### The Income Collection Service – Paying your service charge

**Debit/credit card payment by phone:** 0800 021 7763 (freephone)

#### The Leasehold and Mortgages Team

deals with accounts and payment enquiries, instalments, refunds and arrears.

This team also deals with the Deferred Repayment Scheme and Right to a Loan for owner-occupiers.

**telephone:** (020) 8871 6299

**email:** l&m@wandsworth.gov.uk

**website:** www.wandsworth.gov.uk

**address:** Wandsworth Council, Income Collection Service, PO Box 56566, Town Hall Extension, Wandsworth High Street, London SW18 9FD

### Insurance Schedules

**The Property Accounts Team** can provide Insurance Schedules for remortgaging purposes and they also deal with queries concerning the sum insured.

**telephone:** (020) 8871 7282

**email:** propertyaccounts@wandsworth.gov.uk

## Other Council Services

### Estate Services

**telephone:** (020) 8871 7446

**Non-residential** (garages/store sheds)

**telephone:** (020) 8871 6870

### Grounds Maintenance Team

**telephone:** (020) 8871 7048

### Wandsworth Emergency Control

**telephone:** (020) 8871 7490

### Graffiti Services

**telephone:** (020) 8871 7049

## Building Insurance Claims

**The Insurance Section** can advise you regarding what you are covered for and making a claim on your building insurance. They can also send you a claim form.

**telephone:** (020) 8871 6413/6414

**email:** insurancegroup@wandsworth.gov.uk

**address:** Insurance Section, Finance Department, Town Hall, Wandsworth High Street, London SW18 2PU

### Visiting Finance Reception

You may speak face to face with a member of our staff. The council's Finance Reception opening hours are 9am to 4.30pm Monday to Friday. There is a free telephone in reception to enable most queries to be resolved quickly.

Finance Department, Town Hall Extension, Wandsworth High Street, London SW18 2PU

## Other useful contacts

Also refer to page 8 - Help with paying routine and major works service charge bills.

### Citizens Advice Bureaux

Please check website for opening times.

**telephone:** (020) 7042 0333

**website:** www.wandsworthcabx.org.uk

### Battersea CAB

Battersea Library, 265 Lavender Hill, London SW11 1JB

### Roehampton CAB

166 Roehampton Lane, London SW15 4HR

### Tooting Library

75 Mitcham Road, London SW17 9PD

## National Debtline

Free independent advice for people in financial difficulties

**telephone:** 0808 808 4000 (freephone)

**website:** www.nationaldebtline.co.uk

## Age Concern UK

**telephone:** 0800 169 2081 (freephone)

**website:** www.ageuk.org.uk

## Leasehold Advisory Service (LEASE)

Gives free legal advice on leasehold issues.

**address:** Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JX.

**telephone:** (020) 7832 2500

**fax:** (020) 7832 2529

**email:** info@lease-advice.org

**website:** www.lease-advice.org

## First Tier Tribunal (Property Chamber)

The residential property tribunal deals with disputes between leaseholders and landlords, and other leasehold issues.

**address:** Residential Property Tribunal 2nd Floor, 10 Alfred Place, London WC1E 7LR

**telephone:** (020) 7446 7700

**email:** rplondon@hmcts.gsi.gov.uk

**website:** www.justice.gov.uk

## Housing Ombudsman Service

**address:** Exchange Tower, Harbour Exchange Square, London E14 9GE.

**telephone:** 0300 111 3000

**email:** info@housing-ombudsman.org.uk

**website:** www.housing-ombudsman.org.uk

**This contact list is not exhaustive, there are many other agencies available. Please seek independent advice as required.**



If you have questions about this booklet  
or if you need it in a different format  
(for example, large print) please phone  
(020) 8871 7296.

[www.wandsworth.gov.uk/leaseholders](http://www.wandsworth.gov.uk/leaseholders)  
[propertyaccounts@wandsworth.gov.uk](mailto:propertyaccounts@wandsworth.gov.uk)