



Service charges

What is a service charge?

A service charge is an amount payable to the landlord for the cost of services, repairs, maintenance, improvements, insurance or the landlord's costs of management. You must refer to the terms of your lease to identify what cost may be covered by the service charge. The amount of the service charge will vary each year, depending on the cost of providing the services or carrying out works. A service charge is only payable insofar as it is reasonable. This means that both the costs of the service charge and the standard of any works for which the charge is made must be reasonable. If there is a dispute as to what is reasonable (or otherwise in relation to the liability to pay a service charge) it may be referred to the Leasehold Valuation Tribunal (LVT) for decision – see useful contacts in section 1.

If your lease requires you to pay a service charge in addition to ground rent and insurance premium, then usually the charge will be split equally between all the flats in the block. Bracknell Forest Homes will pay the proportion of the costs for any flats occupied by tenants who are not leaseholders and if appropriate recharge such costs to the tenants through their rents and other charges. Accordingly, as a leaseholder you are not in any way subsidising the cost of services to tenants. Your service charge recovers the actual costs incurred by us in the provision of services, undertaking repairs and other permitted costs. It does not include any landlord's profit element.

The law requires that all requests for payment must be accompanied by a summary of leaseholders' rights and responsibilities.

What services does my service charge cover?

Your lease contains a list of the services to be provided by us on a regular basis and may specify other costs for which a service charge may be payable. If your property is in a block of more than three flats, then the services will usually include some or all of the following:

- Lighting and cleaning (generally only for blocks of more than six flats) of communal areas in and around the block
- Day to day repairs and maintenance of the structure and exterior of the building and the common parts
- The upkeep of landscaped areas (a schedule of works is available on request)
- Roving caretaker/estates officer. We have staff who deal with emergency calls, take care of the bin stores, carry out health and safety inspections, patrol the estate and deal with general management issues under the direction of a Housing Officer. These officers are part of the Neighbourhood Estate Action Team (NEAT)
- Maintenance of fire alarms and fire extinguishers in communal areas
- Maintenance of any communal door entry systems and lifts
- Cleaning of car parks and gullies
- Other management services which mostly relate to administration of the lease
- Insurance.

If your flat is in a small block of two or three, then the service charge will usually include insurance and may also include other items such as day to day repairs and maintenance, landscaping charge and management charge. Some of our leases do not require payment of any service charge apart from the insurance premium.



	Service charge leases			Non Service Charge Leases including pre Right to Buy
Item of Charge	Flat or Maisonette in Large Block (including flats over shops)	Flat or Maisonette in Small Block (less than 6 flats)	'Bridge' Flat/Maisonette	All other Types of Flat/Maisonette
Insurance Premium	Yes	Yes	Yes	Sometimes
Lighting of Common Parts	Yes	Sometimes	No	No
Maintenance/ Rental of Fire Extinguishers	Yes	No	No	No
Cleaning of Common Parts	Yes	No	No	No
Day to Day Repairs	Yes	Yes	Sometimes	No
Landscaping	Yes	Sometimes	Sometimes	
Estate Manager/ Warden/Caretaker	Yes	Sometimes	No	No
Gully Cleaning	Sometimes	No	No	No
Communal Car Park Maintenance/ Cleaning	Sometimes	No	No	No
Management Charge	Yes	Yes	Yes	No

Can new services and charges be introduced?

If the landlord wants to provide a new service which is not already included in the lease and be able to recover its costs for such a service, for instance, communal cleaning in small blocks, they can only do so by obtaining the agreement of all residents in the block, both tenants and leaseholders, and by varying the lease. Any variation to the lease would need to be agreed by the landlord and the leaseholder and there may be a fee chargeable to the leaseholder. If agreed, such a variation will form part of the lease and the costs for the new service will be included in the service charge bill. If the parties cannot agree, it may be possible for either party to go to the Leasehold Valuation Tribunal (LVT) to ask them to order a lease variation.

How is the service charge calculated and billed?

- Towards the end of each financial year we prepare an estimate of the costs which we expect to incur for providing the services and works (apart from insurance which cost is known in advance) during the following financial year. During March we send you a bill for the estimated service charge for the year ahead starting on 1 April
- Throughout the year from 1 April to 31 March, we monitor and record the cost of services and work carried out to the block. This provides us with the information we need to work out the actual costs for the year
- By the end of September each year we notify you of the actual costs for the previous financial year. If the actual costs turn out to be more than the estimate, then you are required to pay the difference. If the actual costs are less than the estimate, we will allocate the credit against any outstanding bills. If the credit is small, we may adjust the service charge for the following year, otherwise we may refund the credit to you



- If you have any queries about the actual cost of services and works covered by service charges, you should contact the Leasehold Management Team as soon as possible after the work is done or immediately after you receive the invoice.

When is the service charge due?

- Under the terms of your lease, your estimated service charge is due in advance on 1 April each year. If the actual cost of the work or services is more than the estimate, then the difference will be payable on demand usually by the end of September in the following financial year.

How can I pay the service charge?

There are several ways you can pay your service charge and other payments to Bracknell Forest Homes:

- Direct Debit - call us on freephone 0800 692 3000 or 01344 382800, or email bfh@bracknellforesthomes.org.uk and we will send you a form to complete and return to us. Direct Debits are taken from the bank on first day of the month. If your bank account will not support a Direct Debit, please contact us to discuss other options. If you are a non-resident leaseholder with multiple properties, a Direct Debit can only be used to deduct a lump sum once a year.
- By text - You can pay your charges by text message from your mobile telephone. To use this service you need to register first. It's simple to register - you just need the credit/debit card and your Housing Payment card details. You will get a text password for each credit/debit card you wish to use. Once

- registered you will receive a confirmation text message and then you can text your payment. This service is secure, flexible and convenient. Payment will show on your account within 24 working hours
- At the Post Office - by cash/cheque/debit card along with your Bracknell Forest Homes payment card. You can obtain a payment card from our Finance Department on 01344 382800
 - In shops displaying the 'Paypoint' sign - please pay by cash along with your payment card
 - By cheque - cheques should be made payable to Bracknell Forest Homes Limited and sent to Berkshire Court, Western Road, Bracknell RG12 1RE. Please put your name, address and invoice number on the back of the cheque
 - By telephone - please call us on freephone 0800 692 3000 to make a payment with your debit or credit card. You will need your invoice number to hand
 - Online - log onto www.bracknellforesthomes.org.uk and make your payment by debit/credit card. You will need your debit/credit card details and your invoice number to hand.

Can I pay by instalments?

We may agree to accept payment of your service charge, insurance premium and ground rent by 10 monthly instalments to spread the cost over a longer period. If the amount payable under your lease consists of ground rent and insurance only (without any service charges), we may agree to accept payment over three months. If you would like to pay by instalments, please contact us to agree an appropriate arrangement. If we agree you can pay by instalments, you would normally be required to pay by Direct Debit.



Non-resident leaseholders with multiple properties are not eligible for extended payment terms. Invoices must be paid in full according to the terms of the lease and the invoice, usually within 21 days.

There is a leaflet detailing our extended payment options.

What happens if I do not pay my bill?

If you do not pay your bill, we have the right to take legal action to recover the outstanding debt. This is why it is important to contact us if you have questions about the charges or difficulties making payments. We will not waive charges which are legally due, but we may be able to agree an arrangement with you in relation to paying your bill. If we have to take legal action to recover the debt, you will have to pay Bracknell Forest Homes' legal costs and interest charges as well as the amount due to us under the bill.

Can I get help with repair or improvement costs?

We may need to carry out major repair works (for example some improvements, external redecoration or other major works of repair or refurbishment to the block). If the works are likely to cost more than £250 for each leaseholder, we have to consult you under section 20 of the Landlord and Tenant Act 1985 (see the glossary in section 10).

These 'one-off' costs form part of the total service charge for the year in which they become due and will be invoiced by the end of September following the end of the financial year in which the works are completed.

If you only pay ground rent and insurance (but no service charges), and major works are done to the structure of your flat, you will (after consultation) be sent an invoice for your share of the costs of the work on completion of that work.

When you are required to pay a contribution towards the cost of improvements or major works, the following help may be available depending on your individual circumstances:

- Payment by instalments - We may agree to accept payment by more than 10 instalments. We can offer interest free extended payments as follows:

For invoices up to £5,000 up to two years

For invoices above £5,000 up to three years

For invoices above £10,000 up to four years

For invoices over £15,000 up to five years

Please contact our Leasehold Management Team for further information

- Further mortgage lending - You can contact your mortgage lender to see if they will provide you with a loan to meet the costs

- Payment on account – You can make on account payments to Bracknell Forest Homes for known or completed works which have yet to be invoiced. The on account payments do not accrue interest. Alternatively, you can save in your own interest bearing account with a bank, building society or credit union

- Loan from Bracknell Forest Homes - At our discretion we may offer an interest bearing loan secured by way of a charge on the property where a leaseholder is not able to pay the invoice within the extended payment term and not able to obtain a loan from elsewhere. The leaseholder will have to pay our administrative and legal costs, and will have to pay back the capital and interest over the term of the loan. This option is only open to resident leaseholders in financial hardship and is conditional upon a financial assessment



- Voluntary charge secured against the property – Where a leaseholder cannot pay the charges and their financial position is unlikely to improve, at our discretion we may offer to enter into a legal agreement to have the debt secured as a charge on the property, until the lease is sold or the debt is paid. This option is only open to elderly resident leaseholders in financial hardship and is conditional upon a financial assessment.
- Equity loan for major works costs – If a leaseholder can demonstrate that because of financial hardship they cannot successfully apply for any other payment options, at our discretion we may consider granting an equity loan. The loan will represent a percentage of the value of the property secured by a charge on the property and will usually be limited to a maximum of one third of the equity held by the leaseholder. This option is only open to resident leaseholders in financial hardship and is conditional upon a financial assessment. There will be administration and legal fees associated with this option to be met by the leaseholders and the fees will be added to the debt. Older leaseholders may also have the option to apply for an equity release loan from the Home Improvement Trust under the Houseproud scheme (www.houseproud.org.uk).
- Benefits Agency - If you are in receipt of Income Support or a similar benefit you may be eligible for help from the Department of Work and Pensions (DWP), (see useful contacts in section 1). If you receive Pension Credit you may be able to apply to the Pension Service for assistance with your housing costs, including service charges. Bracknell Forest Homes' benefits advisors are available to give advice to leaseholders

If you or your partner are in receipt of certain benefits

and have been for 13 weeks, you may be able to get help towards your mortgage interest; this is called Support for Mortgage Interest (SMI). This is for mortgages that have been taken out to purchase a home, and for some home improvement loans. The maximum limit up to which mortgage interest can be considered is £200,000. If you have a mortgage over this amount the Department of Work and Pensions may not consider paying the interest on the remaining mortgage that is over £200,000. From 1 October 2010 the standard interest rate is set at a level equal to the Bank of England's published monthly average mortgage interest rate. The starting rate that applies from 1 October 2010 is 3.63% (the rate published by the Bank of England on 31 August 2010).

You may have to pay service charges and/or ground rent when you live in leasehold property. Help towards your service charges and/or ground rent may be considered when claiming certain benefits.

- You may wish to ask the Citizens Advice Bureau for advice on debt management and budgeting. Leaseholders are strongly advised to take independent financial and legal advice before agreeing to secure a charge on the property.

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Are there any limits on the service charge?

Your service charge is limited in two main ways, as follows:

- We cannot require you to pay unreasonable service charges. This means that our costs of service charges must be reasonable. Also, those works and services have to be of a reasonable standard. When we estimate the amount of your service charge, we will also aim to ensure that the estimate itself is reasonable
- We can only charge you for services or works for which we have a right to charge you under your lease. This means that the costs we can recover must be mentioned in your lease as payable by you.

If your property was purchased from either Bracknell Forest Council or Bracknell Forest Homes under the 'Right to Buy' scheme or the 'Preserved Right to Buy' scheme in the last five years, then there is a limit or 'cap' on the amount of the service charge which you may be required to pay during the period of five years. The statutory notice under section 125 of the Housing Act 1985 offering to sell the property to you will have contained an estimated amount of the charge. During the first five years of the lease we cannot charge you more than the amount of the estimate plus an allowance for inflation. This applies not only to the estimate for recurring items (services and works carried out on a regular basis), but also to the itemised estimate (if any) for major repairs and/or improvements. The 'cap' on the service charge during the first five years will still apply even if you are not the original purchaser of the property.

