

# SERVICE CHARGE

**INFORMATION ABOUT ANNUAL  
SERVICE CHARGES FOR  
LEASEHOLDERS AND SHARED OWNERS**

swain





## Information about your Service Charge

This booklet details information about your service charges. Included are frequently asked questions and explanations of the types of charges made.

Each year Swan looks at all its services to ensure they are providing good value for money. This includes the level of service you receive as well as the cost of the service. Any money saved using these methods is reinvested in services to residents.

## What is the Service Charge for?

The service charge is the amount Swan charges for the provision of services to your estate, street, or block. For example, we might clean the communal areas, provide gardening services for communal gardens or perform repairs and maintenance to communal parts of your building. The services we provide for you are determined by the terms of your lease.

## How is the amount calculated?

Before the new financial year, we send you an estimate of how much we predict the cost will be for the services provided to

you for the year to come. It is an estimate as we do not know exactly what it will cost us to manage your property throughout the year.

When our accounts are finalised after the financial year, we provide a statement showing the true cost of providing the services to your property.

The expenditure statement shows what was actually spent for each type of service you receive.

The services you are charged for depends on where you live and are defined in your lease. If it has cost less than we estimated to provide these services we will credit this amount to your Swan account. If it has cost more than estimated you are required to pay the difference.

## How do I pay my bill?

If you need to make a payment to your account the options available are:

- You can pay over the telephone with a debit/credit card or by setting up a direct debit by calling the Income Team on **0300 303 2500**.
- You can pay through Swan's website – **[www.swan.org.uk](http://www.swan.org.uk)**
- Pay with an Allpay swipe card using cash, cheque or debit/

credit card at your local Post Office or any other outlet that accepts Allpay cards. If you do not have an Allpay card and would like one please contact us.

If you have an Allpay swipe card you can pay over the telephone with a debit/credit card by calling **0844 557 8321**, or on the internet by going to **[www.allpay.net](http://www.allpay.net)**

Send a cheque made payable to Swan Housing Association to:

**Swan Housing Association  
Pilgrim House  
High Street  
Billericay  
Essex CM12 9XY**

You should write your account reference, name and property address on the back of the cheque.

Please note that we do not accept cash at any of our offices.

### **When should I pay?**

You should pay your estimated charges in accordance with your lease. This is usually quarterly for leaseholders and monthly (along with the rent) for shared owners, and is always due in advance. Leaseholders receive invoices each quarter, even if payment has already been paid by direct debit.

When you receive your actual expenditure statement, if you

have a deficit (i.e. you owe us money), this needs to be paid within 28 days from receipt of the enclosed statement. If you are experiencing difficulty in paying the balance, please contact your Income Officer, who will be able to discuss payment options available to you.

If you have a surplus (i.e. we owe you money), we will credit this amount to your Swan account. If you wish we can arrange for the surplus to be refunded to you. If you would like a refund, please contact your Income Officer. Please note we will not do this if your account is in arrears.

Please note that if you have a monthly or quarterly direct debit set up for your rent and/or service charges, it will automatically be amended for estimated charges but you will have to arrange for payment separately for any actual expenditure charges.

### **What if I think the services you have charged me for have not been done or are not of a satisfactory standard?**

If you feel that the services you receive are not of a satisfactory standard or you have not received the service which we have charged you for, please contact your Local Area Housing office

to discuss this matter. The Area Office details can be found at the end of this booklet.

Please note that you should not withhold payment for this reason but should contact us so that we are able to investigate and resolve the issue.

### **Why is the statement addressed to the wrong person / my Landlord / the old owner?**

The statement has been sent to the leaseholder (the owner) of the property. If it is incorrectly addressed it is likely to be due to one of the following reasons:

It may be addressed to the old owner if your solicitor did not advise us when you bought the property. This can easily be resolved. If you think this has happened to you, please contact the Leasehold Services team. Details are found at the end of this booklet.

If you rent the property from a private Landlord, your Landlord (or whoever owns the property) is liable to pay the service charge, not you. You should forward the correspondence to your Landlord and advise them to contact Swan to provide a correspondence address where we can send all future letters and bills.

### **What is the difference between block and estate services?**

We organise services by estate and block (and sometimes sub block) to ensure we only charge you for services you receive.

**Estate:** Usually applies to services in communal areas of the estate, such as grassed area or play equipment. The costs are shared by all properties on the estate that enjoy the benefit of the service.

**Block:** Usually applies to communal areas of the building, such as a lift. The costs are shared by all units within the block enjoying the benefits of the service.

### **Why have my service charges changed?**

Service charges vary from year to year depending on a number of factors, including:

- What services are included
- What work is planned
- The costs of doing that work
- How much is in the sinking fund (if one exists)
- New developments - costs are sometimes lower in the first year after building because of the builder's defect period.

## **Am I paying for your tenants?**

No, you are not paying for our tenants. The contribution we charge you is the proportion as prescribed in your lease.

If your block is made up of a mixture of leaseholders and tenants, you will only be charged your share. Tenants also pay service charges where applicable.

## **When your property is managed by a Landlord or Managing Agent**

We have to pass on costs from Managing Agents or Landlords where they provide services to your estate. This is usually when our properties are part of a larger private development and we do not own the Freehold.

Some issues for Leaseholders with Managing Agents:

- Our service charge year runs from 1st April – 31st March. The Managing Agent may have a different service charge year, e.g. 1st January – 31st December. This can result in our actual accounts including both estimated and actual costs received from the Managing Agents that cover periods other than 1st April – 31st March.

- We may get little notice of charges before the start of the service charge year. Therefore we need to estimate charges using costs from an earlier period.
- Some Managing Agents provide a high quality service, which is likely to cost more.
- The Managing Agent may choose not to speak to you directly because their contract is with Swan.

Swan can look into issues you have regarding quality or value for money of services you receive from Managing Agents.

## **How to tell if a Managing Agent is responsible for providing a service**

You can tell if a service is provided by Swan or your Managing Agent by looking at the list of services within your statement. Services which are provided by an external Managing Agent have a prefix of 'Ma:'. Services which Swan provide have a prefix of 'Swa:'.

## **What do I pay service charges for?**

The services you receive may vary according to where you live, the type of property you have and the obligations set out in your lease. For example, if you live on an estate then you will receive

more services than if you live in a street property.

## **How can I help make service charges lower?**

We use your service charge payments to:

- Keep things clean and tidy
- Do repairs and maintenance
- Maintain safety and security

If we have to do extra work, you pay for this in your service charges. We want our service charges to be reasonable, so we want you to help us cut down on unnecessary work and inefficiency.

## **Report vandalism/criminal damage**

It costs a lot to fix vandalism, including issues such as damaging lift doors and door entry systems by forcing them open. If you see anyone damaging your block or vandalising your estate, report them to us and/or the Police as soon as possible.

## **Don't allow unwanted visitors into communal areas**

Any damage they cause will be paid for through your service charges.

## **Use bins**

Don't dump rubbish. Please use the right bins and bin stores

for your household rubbish. If residents don't dispose of rubbish properly, the council may refuse to collect it. This forces us to use contractors, which you have to pay for.

## **Tell your Neighbourhood Officer about broken lighting**

They may be able to arrange for our Estate Services to fix it, helping to minimise repair expenditure.

When reporting a repair, be precise about the problem and its location.

If we don't fully understand the problem, we may waste money and time with the wrong response.

## **List of services**

The services provided to you are shown on your estimate and actual expenditure statement. A list of the services, known as heads of charge, and what they cover are listed below:

## **Adjustment from Previous Financial Year**

This charge is the surplus or deficit arising from the most recent actual expenditure accounts received from a Managing Agent.

## **Administration Charge**

Where a block and estate

is managed by a Managing Agent, they can charge for the administration work they may encounter.

### **Audit Fee**

Audit fees are charged to cover the cost of engaging an external auditor to audit service charge accounts. Some Landlords include this cost within their Management Fee, but it is good practice to show this as an individual separate charge. Swan's Audit Fee is for an independent auditor to undertake a review of our service charge calculations and accounts.

### **Bank Charges**

Where a block and estate is managed by a Managing Agent, they can charge for bank charges they have incurred.

### **Buildings Insurance**

Under the terms of your lease, Swan or the Freeholder of your building may be responsible for insuring the building and therefore the cost is passed on to you via the service charges. Please note, you will still be responsible for insuring the contents of your property.

Where we are charged for Insurance by a Managing

agent, this may also cover other insurances such as Public Liability and Directors and Officers Liability Insurance.

### **Car Park Maintenance**

This covers the cost of repairs that are carried out to communal car parking areas.

### **Careline Monitor and Maintenance**

This charge only applies to our sheltered accommodation where call alarms are fitted in case of an emergency within the individual flat.

### **Caretaking and Cleaning**

This charge covers both the caretaking service and the cleaning to your block and the surrounding area.

### **CCTV**

Where CCTV has been installed the charge covers the maintenance and monitoring of the cameras.

### **Central Boiler Maintenance**

Some properties are connected to a communal boiler to heat each property and to provide hot water.

### **Cleaning**

This charge covers the cleaning to both your block and the surrounding area.



## **Communal Decoration**

Under the terms of your lease, the Landlord is responsible for decorating the internal communal areas and where applicable the exterior of the block. The lease will state how often the works are carried out. This can vary so it is always useful to refer to your lease.

## **Communal Door Entry Maintenance**

This charge covers the cost of maintaining the door entry system.

## **Communal Equipment/ Furnishing**

Where there are communal lounges and/or kitchens, normally in our Sheltered Accommodation, the furnishings for these areas are replaced when necessary and are charged through the service charges. Communal equipment will also cover items such as notice boards in communal areas.

## **Communal Equipment Maintenance**

This covers the cost of repairs carried out to communal equipment which is not listed as a separate head of charge, for example checks on ManSafe fall protection equipment.

## **Communal Grounds Maintenance**

This charge is to cover the cost of the cutting of grass, trimming of shrubs and tree maintenance work.

## **Communal Laundry**

Some of our Sheltered Accommodation has a laundry room and this cost covers the replacement and servicing of the washing machines and tumble dryers or the cost of hiring them.

## **Communal Lighting Maintenance**

Any works carried out to the communal lighting including the replacement of light bulbs is covered by this charge.

## **Communal Repairs**

The communal maintenance charge covers the day-to-day repairs made to your block and surrounding area.

## **Communal Water Charges**

This charge covers the cost of the water invoices Swan receives for communal water. The water is used for cleaning and sometimes grounds maintenance.

## **Communal Window Cleaning**

This covers the cost of cleaning the windows to the communal areas of your block.

## **Community Warden**

This charge is used when a block and estate is managed by an external Managing Agent and there is a Warden who works with the community.

## **Concierge**

In some of the larger blocks there is a concierge service. They are responsible for monitoring the building.

## **Electrical and Plant Maintenance**

In some blocks we need to charge for the maintenance of the electrical mechanical plants.

## **Electricity**

This charge covers communal energy to your block and estate. Depending on which block you live in, this may include lighting, the power source for lifts, door entry systems, etc.

## **Estate Road Maintenance**

Where the Local Authority has not adopted the roads on the estate, repairs to the road is recovered through service charges.

## **Fire Equipment Provision and Maintenance**

Swan is required to periodically test all fire safety equipment that you have in your block as per the Regulatory Reform Fire Safety Order 2005. The equipment is

inspected on a regular basis checking the condition of any fire equipment present. The fire safety equipment could include fire extinguishers, fire blankets, sprinkler systems, wet and dry risers, and emergency lifts. This is a generic list and not exhaustive or specific to your block.

## **Health and Safety Risk Assessment**

The charge covers periodic risk assessments that are carried out to the buildings. The charge is normally passed on by an external Managing Agent and covers fire risk assessments and Legionella testing. Where Swan carries out these assessments, they are shown as separate heads of charge.

## **Legal Fees**

Where your lease allows, a fee is usually passed on by an external Managing Agent to cover any legal advice they may need to take relating to the lease.

## **Lift/Hoist Maintenance**

This charge covers the cost of maintaining the lift in your block, if there is one installed. It also includes the emergency telephone link to the lift. Please be aware that you will be charged for the lift if there is one in your block, regardless of whether you use

it. This is in accordance with the terms of your lease. For some Supported Housing properties, this will also include maintenance and repair of stair lifts, bath lifts, shower benches and hoists.

### Lightning Protection

On some blocks lightning protection rods have been installed. The cost covers the installation and/or the maintenance of the rods.

### Management Fee

Swan levies a management fee which goes towards the cost of running our leasehold services which includes staffing cost and office overheads etc. We only aim to cover our cost and do not make a surplus. Some Landlords charge both a Management Fee and an Administration Fee whereas all of Swan's costs are covered by the Management Fee. **If you have two Management or Audit Fees, this is likely to be because, where applicable, these fees are charged by both Swan and your Managing Agent.**

If some or all of the services you receive are provided by a Managing Agent, Swan's Management Fee will be lower than if we provide some or all of your services ourselves. In this case, Swan's cost will be defined as an Administration Charge.

### Pest control

In some areas it is necessary to provide pest control and when the service is provided, the cost is passed on through the service charge.

### Refuse Disposal

This covers the cost of providing/hiring the paladin bins for refuse. It also covers the removal of bulk items which occasionally have been dumped.

### Salt Bins

During the winter when the areas surrounding the blocks are very icy, it is necessary to provide salt to ensure the areas are safe.

### Sinking Funds

In some leases there is provision to collect a sinking fund for any major work that will be required in future years; this helps to eliminate a large bill when major work is carried out.

### Maintenance of External Cradle System

On some blocks there is an external cradle system fitted to prevent workers falling from a height and every year this needs to be tested to ensure its safety.

### TV Aerial/licence

The cost covers maintaining the communal TV aerial.

## Water Tank Servicing

Under Health and Safety Executive (HSE) Approved Code of Practice (ACoP) L8, it is a requirement to periodically inspect and test all communal water tanks for legionella bacteria. Water tanks are inspected and maintained on a regular basis.

## Personal Utility Charges

### Heating

Where a communal heating boiler is supplied this charge is your personal charge for heating your home. If you were not paying a charge to Swan for your heating, you would need to pay an energy supplier (such a British Gas or E-On) separately. The cost of gas has increased over recent years and this has meant your personal heating charges may have also increased.

### Water/Sewerage

In some areas, Swan pays the water bills to the local water company. These are the costs of your personal water consumption. If you were not paying a charge to Swan for your personal water usage you would need to pay a supplier (such as Anglian Water or Essex & Suffolk Water) separately.

## Repairs costs

Any Swan repair charges detailed on your statement include a 24.5% on-cost charged by Axis Europe PLC under its long term repair contract with Swan Housing Association.

The percentage charged is commonly referred to as the Axis “overheads” or “preliminary fees”.

This on-cost covers Axis’s staffing, site management and supervision costs, site offices expenses and other operating costs such as transport, telephones, communications, as well as their profit. In order to ensure transparency Axis invoice this on-cost separately to their schedule of rates works costs. Both the costs of works and this on-cost are subject to VAT.

## Important information about Buildings Insurance

If your lease states that we must insure your building (or if we pay for insurance to a Managing Agent and then pass it on to you) your annual premium for buildings insurance is included in your expenditure statement. This will only be for buildings insurance – we strongly advise that you should also purchase contents insurance as your personal belongings, the internal parts of your property and any improvements you make to

your property are not covered by our policy.

Please note that if insurance is not listed on your statement this means that Swan do not pay to insure your building, and someone else is responsible. If you do not know who should insure your building, please check your lease as it is important that your home is insured. If you need assistance with reading your lease, please contact the Leasehold Team.

Some residents have asked why Swan's insurance policy has an excess of £5,000. As our policy is a block commercial policy that covers many properties, we have a commercial excess.

By having a policy with a commercial excess it makes the premium lower, meaning leaseholders pay less for their buildings insurance than if we opted for a lower excess.

**Please be assured that in the event that you need to make an insurance claim on Swan's**

**buildings insurance policy you will only be asked for a £50.00 excess payment, which is in line with domestic insurance levels.**

If a Managing Agent insures the building and Swan are passing on this charge to you, in the event that you need to claim, we will pass on to you whatever excess the Managing Agent charge Swan.

Buildings Insurance does not cover the contents of your home.

You can arrange National Housing Federation My Home Contents Insurance by calling

**0845 337 2463** or **01268 586 189** from a mobile.

## Commonhold & Leasehold Reform Act 2002 – Section 153

### Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007

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; and
  - 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.
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.

**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.

## Contact details for the Area Housing Offices

You should contact the Area Office if you have a question regarding the services provided for you. To contact any of the offices below, call **0300 303 2500**:

If you live in **Essex** (not including the London Boroughs of Havering and Redbridge), please contact the Essex Neighbourhood Team:

Address: **Pilgrim House, High Street, Billericay, Essex CM12 9XY**  
Email: **essexneighbourhood@swan.org.uk**

If you live in the **London Boroughs of Tower Hamlets** (except the Bow Cross Estate) **Havering** and **Redbridge**, please contact the London Neighbourhood Team:

Address: **Blackwall Reach Office, 9 Webber Path, London, E14 0FZ**  
Email: **londonneighbourhoodteam@swan.org.uk**

If you live on the **Bow Cross Estate** please contact the Bow Cross Office:

Address: **Bow Cross Office, Priestman Point, 2A Rainhill Way, London, E3 3EY**  
Email: **londonneighbourhoodteam@swan.org.uk**

## Contact Details for the Leasehold Services Team

You should contact the Leasehold Services team if your correspondence has been addressed to the wrong person or you have any queries relating to your service charges. You can also email the Leasehold team at **leaseholdmailbox@swan.org.uk**

## Contact Details for the Income Officers

You should contact the Income Officers if you would like to pay over the telephone with a debit/credit card, set up a Direct Debit or apply for an Allpay swipe card. You can email your income team at **essexincome@swan.org.uk** or **londonincome@swan.org.uk**





# SPEAKING YOUR LANGUAGE

Please call us on **0300 303 2500** if you would like someone to explain this leaflet to you

## Polish

W razie potrzeby wyja nienia któregokolwiek z artykułów, prosimy do nas zadzwoni pod numer 0300 303 2500.

## Somali

Fadlan naga soo wac  
0300 303 2500 haddaad  
jeclaan lahayd in qof uu kuu  
sharaxo mid kasta oo kamida  
qodobadan.

## Punjabi

ਜੇਕਰ ਤੁਸੀਂ ਚਾਹੁੰਦੇ ਹੋ ਕਿ ਇਨ੍ਹਾਂ ਲੇਖਾਂ  
ਵਿੱਚੋਂ ਕਿਸੇ ਵੀ ਬਾਰੇ ਤੁਹਾਨੂੰ ਕੋਈ  
ਵਿਸਤਾਰ ਨਾਲ ਦੱਸੇ ਤਾਂ ਵਿਰਧਾ ਵਰਕੇ  
ਸਾਨੂੰ 0300 303 2500 'ਤੇ ਫੋਨ ਕਰੋ।

## Bengali

যদি চান অন্য কেউ আপনাকে এই  
আটিকেলগুলি বুঝিয়ে দিক তাহলে দয়া  
করে আমাদেরকে 0300 303 2500  
নাম্বারে ফোন করুন।

## Arabic

إذا كنت ترغب بأن يقوم شخص ما  
هذه المواد لك، فيرجى الاتصال  
بتفسير بـ 0300 303 2500

## Urdu

اگر آپ چاہتے ہیں کہ ان میں سے کسی مضمون کی وضاحت  
کی جائے تو براہ مہربانی ہم سے فون نمبر  
0300 303 2500 پر رابطہ کریں۔



[WWW.SWAN.ORG.UK](http://WWW.SWAN.ORG.UK)