

Your guide

to variable service charges

Your service charge is the money you pay towards the day-to-day running costs of the scheme where you live.

Your lease/tenancy agreement sets out the share of the cost you have to pay and the service it relates to. Depending on where you live, the service charge could cover:

- management fee
- buildings insurance
- grounds maintenance
- cleaning to shared areas
- lighting of shared areas
- day-to-day repairs
- bin hire
- fire safety equipment
- communal TV aerial maintenance
- lift maintenance
- door entry systems
- sinking fund and/or depreciation (the money put aside for long term replacement of things like lifts or decorations to shared areas)
- If you live in a scheme where these services are provided by another company, we will pass the costs on via your service charge

The Service Charge Cycle

Estimated service charge

Each year (in February), we will send you an estimated service charge for the forthcoming financial year. Our financial year runs from the

first of April to the thirty first of March. We do our best to make this as accurate as possible and base it on what we spent in previous years along with our knowledge of issues where you live. We'll send you a statement outlining the estimated costs.

Actual service charge

Once the financial year has ended, we'll compare what we actually spent where you live with what we thought we would have spent.

Again (within 6 months of the end of the financial year), we'll send you a statement, this time outlining the actual costs.

If we've overestimated, we'll refund you. If we've underestimated, we'll let you know how to arrange payment. We're happy to spread any larger amounts over a period of time if this makes it easier for you.

Audited scheme statements

Each year, we'll arrange for an independent accountancy firm to check and agree an 'audited service charge account'. This means you can be assured that the costs are correct.

The accountants check that we've charged jobs to the right scheme (so customers living in one scheme don't pay for jobs which were carried out on another).

We'll send you a copy of the scheme account (showing what we spent and received in the scheme where you live) within 6 months of the end of the financial year. The statement will explain how much is in the sinking fund for the scheme where you live.

The 18 month limit on costs

We're only able to charge you (in the actual service charge) for works which we carried out in the previous 18 months. This is to make sure we account for all invoices accurately in any given financial year. The accountants will check that we do this.

Here's what you can expect from us:

- February: an individual, estimated service charge for the forthcoming year (we have to give you at least four weeks notice)
- April: your first payment at the new rate
- Within 6 months of the end of the financial year: An individual statement showing what we actually spent (and outlining payment terms)
- A scheme statement (independently audited) showing what we spent and received in the scheme where you live.

Your questions answered:

What if it's difficult for me to meet the 'actual' amount in one payment?

Please get in touch with us straight away if you have any problems paying your service charge. The sooner you contact us the better. Once you do, we'll try our best to help you plan the payments.

What if I don't agree with the items on the actual statement?

Please let us know. It may be that we had jobs done when you were at work or away. We'll hold a copy of the original invoice at our office and should be able to explain the costs.

We'll do our best to give you a full explanation and to make our statements as clear and as accurate as possible. In very rare cases, where you feel that we've acted unreasonably (perhaps you feel we've carried out works which weren't necessary), you may wish to put your case to an LVT.

What's an LVT?

This is a Leasehold Valuation Tribunal. It's a semi-formal hearing where the LVT will hear both sides of the argument and then determine the issue on the basis of the evidence and the judgement and experience of the three LVT members (normally a lawyer, who is often the chairman, a valuer and a lay person). They will issue their decision in writing as soon as possible after the hearing

Who do I contact?

The application must be made on the correct form where one is required, and in the proper manner. The LVT produces model application forms and you can get these printed from the local LVT. You can also download them from the LVT website (www.rpts.gov.uk). Guidance is provided on how to complete the forms:

Rent Assessment Panel &
Leasehold Valuation Tribunal
10 Alfred Place
London, WC1E 7LR

0845 600 3178

If you need any more information, please contact:

L&Q Direct
PO Box 194
Sidcup
Kent
DA15 0AJ

Phone
0800 015 4300

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