

# Your Service Charges Explained

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## Service charges – the basics

### Your service charge explained

Anyone who lives in a property that features shared areas or facilities will pay a service charge. Service charges are usually payable in advance either weekly or monthly in addition to any rent or any mortgage you may pay.

Whilst many tenants pay a proportion of the cost of services through their rent, some services that are not essential to enable us to let the property, are paid for through a service charge. Examples of these services are:

- Cleaning the communal parts of a block like the stairs and landings.
- Maintaining the estate gardening.
- Rubbish removal.
- Utilities such as gas and electricity.
- Maintenance of lifts and door entry phones.
- Pest treatments.

In general, leaseholders and shared owners pay a proportion of the cost of all services (including repairs and maintenance) provided or carried out in their building or on their estate. This includes Southern Housing Groups costs for:

- Insuring the buildings.
- Day to day repairs to the structure of the building.
- Maintenance and replacement of more costly items like roofs and windows.
- Managing the building and any associated estate.
- Communal water supplies.

Unlike tenants, a shared owner's rent does not cover any element of the service charge.

We aim to collect 100% of the costs of these services from the residents who benefit from them. We do not make a profit on the money we collect and make sure that you are paying the correct amount by:

- Only charging you for the services you are supposed to receive. This includes any charges for services that may be available to you but that you choose not to use (e.g. if you live on the ground floor of a block with a lift, you may still be charged for the lift maintenance and servicing costs).
- Only charging you for the services that we are legally allowed to charge for.

- Checking that you have received the services you are being charged for (e.g. whether the gardener turned up the correct number of times).
- Excluding charges where there is an ongoing dispute about the service charge.

Some of our properties are located within buildings or estates that are not owned or managed by Southern Housing Group. These properties are managed by third party companies that we call Managing Agents. In most cases Southern Housing Group will be required to pay a service charge to the Managing Agent (EMA). We pass these costs onto residents as described in the section above. If you live in a property managed by a third party [visit the EMA section](#) for information on these charges.

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## Calculating a service charge

We calculate your service charge by working out the exact cost of providing services to your estate and block, and then charging you a share of these costs. For leaseholders this apportionment is defined in the lease terms. For tenants we generally base this apportionment on how many people share the estate, block or scheme. Sometimes this means that all flats pay the same proportion of charges and sometimes this means that larger properties pay a higher proportion because it is recognised that they could be used by more people.

As we don't know all the costs in advance, we base your charge on an estimate of how much services are going to cost over a 12 month period and where possible, include any upcoming one-off charges, such as planned tree pruning or deep cleaning.

Every year we compare our estimate to how much the services actually cost by using the invoices sent to us by our contractors.

We use this information to identify whether our estimate was:

- Higher than expected and you may have been charged too much (a surplus) or,
- Lower than expected and you may not have been charged enough (a deficit).

We then use this information to estimate the next year's service charge.

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## Monitoring the service

We will normally make regular visits to our estates to make sure that the level and quality of services are of a good standard. On some developments, we have worked with residents' associations to agree priorities and have produced a formal neighbourhood agreement to confirm the arrangements.

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## Surpluses and deficits

We make every effort to ensure that the amount we estimate is realistic, reasonable and as close to the amount we actually spend as possible. However, sometimes at the end of the year there will be a difference between what we collected and what we spent.

If we have collected more than we spent we call this a surplus, and may have to pay money back to some people. If we spent more than we estimated, we call this a deficit and we may have to ask for further payment from residents. How we deal these differentials depends upon whether you are a tenant or a leaseholder.

**If you rent your home** and there is a surplus we will subtract the extra money we collected from the following year's estimated service charge. If there is a deficit we will add the amount we did not collect to the following year's estimated service charge.

**If you are a leaseholder** the deficit is payable to us immediately in accordance with the terms of your lease. Any surplus will be refunded to you immediately through a reduction to your direct debit or a cheque if your account is in credit. We may also use the surplus to reduce any arrears on your account. You will be notified of the surplus or deficit amount before the end of September each year, when the actual accounts are also issued to each leaseholder.

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## Service charge breakdown

Each year, we will send you a detailed breakdown of your service charge. This will notify you of the new charge and how often you should pay them. With this breakdown you will receive:

- A demand for payment.
- A statutory summary of your rights and obligations.

**If you rent your home** we will send you a breakdown of your charges in March (if you are on an April rent review) or June (if you are on a July rent review). The new service charge will be applied on either the first Monday in April or the first Monday in July, depending on your tenancy agreement.

**If you are a Shared Owner** we will send you a rent review letter and an annual accounting statement certified by a chartered accountant that shows a breakdown of your charges you pay. You will pay a new service charge from 1 April.

**If you are a leaseholder** we will send you a letter advising you of the new charge and an annual accounting statement certified by a chartered accountant that shows a breakdown of your charges you pay. You will pay a new service charge from 1 April.

As service charges are charged on the basis of the amount we spend through providing services, costs can go up or down.

The headings on your service charge statement reflects the things we anticipate send money on, for estimated charges, or have spent money on for actual charges.

If there's a new or unfamiliar heading on your service charge this year you can use our ['Your charges line-by-line'](#) section to get more information on the sort of costs that each heading covers.

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## **Service charges – FAQs**

These are some of the most frequently asked questions about service charges. If you want to know what one of the headings on your bill means then go to the 'Your charges explained' section. If you can't find the answers you need here, please call the service centre who will help resolve your query.

**How are costs split between residents?**

**The utility costs in my service charge are high. Why is this?**

**Why am I paying a management fee?**

**What is a managing agent?**

**I am not satisfied with the level of services provided by the contractor. What should I do?**

**What if I believe the charges are unreasonable?**

**My service charge increases every year but the services I receive do not change. Why is this?**

**How do I pay my service charge?**

**Is the service charge eligible for Housing Benefit?**

**Do I have to pay for day to day repairs?**

**Do I have to pay building insurance?**

**Does Southern Housing Group make any profit from service charges?**

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### **How are costs split between residents?**

Services are charged to residents who benefit from their provision. For example, if a scheme has two blocks and only one of these blocks has a lift, only residents living in that block will pay for the servicing and maintenance of that lift. Estate charges, such as the maintenance of communal garden areas, will usually be split equally across all units on the estate. There may be exceptions to this, but this will be made clear on the documentation you receive from us.

If your services are provided by a managing agent, they will decide how your costs are split.

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### **The utility costs in my service charge are high. Why is this?**

In recent years, the cost of utilities has increased significantly. Most schemes are charged through our Group Central Bill which benefits residents by charging utilities on the basis of wholesale cost. However, we recognise that a very high proportion of these bills are currently based on estimated readings and we are working hard to have our utility meters read on a regular basis so that we can pass savings onto you. Where we do get credits back from the utility companies, we pass these savings onto you.

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### **Why am I paying a management fee?**

This fee covers our costs incurred in offering services to contractors, managing the contracts, dealing with any queries and complaints and the checking and payment of invoices. The management fee is charged in addition to the estimated and actual costs.

If you rent your home, the management fee is set at 15% of the total cost of services. If you are a leaseholder, your fee may be fixed depending on the level of ownership and other factors, such as how the services are provided or if you have a managing agent. The fee is adjusted each year in line with inflation.

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### **What is a managing agent?**

An external managing agent (EMA) is a property management company employed by or working alongside SHG. Some EMAs provide all common block and estate services, while others only provide some. If you live on a scheme where the services are not provided directly by us but by a managing agent, we pay their invoices and pass the costs onto you as a service charge. If you live in a property managed by a third party [visit the EMA section](#) for information on these charges.

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**I am not satisfied with the level of services provided by the contractor. What should I do?**

If you are not satisfied with the service you receive from any contractors that work on your estate, you should raise this with your Regional Housing Team who will work with you and the contractor to resolve the issues.

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**What if I believe the charges are unreasonable?**

If you are a homeowner or a leaseholder you have the right to go to a [First Tier Tribunal \(Property Chamber\)](#) if you think the charges we are making or intending to make are unreasonable, or if works have not been carried out to a reasonable standard. The tribunal will look at both sides of the argument and then rule on what is a fair charge to make under the circumstances.

If you are dissatisfied with their decision, you can appeal to the Lands Tribunal. You will usually have to pay a fee of up to £500 for this service. We can provide you with information about the Leasehold Valuation Tribunal, or alternatively you can write to LEASE, the Leasehold Advisory Service, Maple House, 149 Tottenham Court Road, London W1T 7BN. 020 7383 9800 [www.lease-advice.org](http://www.lease-advice.org)

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**My service charge increases every year but the services I receive do not change. Why is this?**

If the contractor we use to provide these services increases their costs, your service charge will increase. The Regional Housing Teams will look at transferring to a new contractor if the cost continually increases, or if the service provided is not satisfactory.

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**How do I pay my service charge?**

When you are notified of your service charges, you will be sent instructions of how to pay them by post. Direct debit is our preferred option and this can be set up over the phone by calling the service centre.

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**Is the service charge eligible for Housing Benefit?**

Most Local Authorities will pay for service charges as part of Housing Benefit. There are some exceptions to this such as the provision of services to individual units but these will be different across each Local Authority.

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**Do I have to pay for day to day repairs?**

If you rent your home, day to day repairs that are carried out at your scheme are covered under your net rent. Leaseholders are charged for day to day repairs as a condition of the lease. However, we ensure that the costs are split across all residents at the scheme and recovered only from those that are liable.

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**Do I have to pay building insurance?**

If you rent your home, your net rent covers building insurance. Leaseholders are charged as part of their service charge.

Please note that building insurance does not cover the contents of your home. SHG strongly recommends that you arrange your own contents insurance policy.

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**Does Southern Housing Group make any profit from service charges?**

SHG makes no profit from service charges; they simply help us to cover the cost of providing services to residents.

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If you have queries or questions about your service charge, we want to help you. In the first instance, you should call the service centre.

## Your charges line-by-line

### Introduction

This section details what activities we charge for under each heading in your service charge breakdown. The section is split in to three parts, Estate services, Block services and Property services.

Estate charges are generally shared between residents who live in more than one distinct block but on the same estate. Block charges are, generally, only shared by the residents of one particular block or groups of blocks but not whole Estates. Property charges are charges which relate to an individual property or groups of properties but not whole blocks.

Follow the links to each section.

**Estate services**

**Block services**

**Property services**

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## **ESTATE SERVICES**

Estate charges are generally shared between residents who live in more than one distinct block. Click a heading to find out what the charge is for.

### **Estate Sundry Repairs – LH / TENANT**

**Estate Cleaning**

**Estate Gardening**

**Tree Maintenance**

**Estate Graffiti Removal - Estate**

**Estate Refuse Disposal**

**Estate CCTV**

**Estate Other**

**Play Equipment**

**Estate Parking Control**

**Estate Laundry**

**Estate Electricity**

**Communal Water/Sewage Costs**

**Estate Staff Costs**

**Staff Accommodation**

**Estate Service Equipment**

**Depreciation - Estate**

**Concierge**

**Meals**

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## **Estate Sundry Repairs – LH / TENANT**

These are any repairs required to the communal areas of the scheme or estate that are not included under any other specific service heading.

All communal parts of a scheme or estate require regular maintenance to prevent them deteriorating. This might happen when something unexpectedly breaks or when something is accidentally damaged by normal every day wear and tear, for example sinking paving stones.

Whilst it is difficult to predict what parts of the scheme or estate will require maintenance in any one year, we estimate what might be needed based on previous year's experience.

We employ repair and maintenance contractors to carry out this work for us and ensure that these day to day repairs are carried out within a reasonable time scale to prevent either a risk to residents or further damage.

At the end of the year we can provide a list of the repairs carried out on the scheme or estate with the actual amount spent for leaseholders.

Any repairs carried out to mechanical or electrical equipment on the estate are accounted for under the relevant heading. For example a repair to a CCTV system on the estate will be accounted for under the "Estate CCTV" heading.

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## **Estate Cleaning**

Estate Cleaning relates to cleaning of the communal parts of the estate or scheme where it is carried out by a cleaning contractor. This will include one off cleaning tasks and cleaning materials but not cleaning within blocks.

On the majority of our estates and schemes we provide cleaning of the communal parts either through our own staff or by employing specialist cleaning contractors. Where our directly employed staff carry out the cleaning, the costs are recorded under the "Estate Staff Cost" heading. If the cleaning service is provided by a specialist contractor the costs of that service are recorded under this heading.

In general the cleaning service covers sweeping and litter picking the estate or scheme's communal areas along with removing small scuffs and marks from areas of the scheme where it is both easily reached and simple to remove without the need of specialist materials or equipment.

A schedule of the cleaning duties in your building can be obtained from your Resident Services Team.

Sometimes where the service is normally provided by our own staff we have to employ a contractor to cover the work. The cost of providing such cover will be shown under this heading in the "actual" charges.

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## **Estate Gardening**

Estate Gardening relates to maintenance of the scheme or estate communal gardens and grounds including materials and equipment but not the cost of any work to trees.

Where the scheme or estate has a communal garden shared by all those on the estate we have a responsibility to make sure that it is maintained and does not become overgrown.

On the majority of our schemes or estates we provide this service either through a gardening/grounds maintenance contractor or our own staff. If the gardening/grounds maintenance service is provided by a contractor the costs of that service are recorded under this heading. Where our directly employed staff carry out the gardening/grounds maintenance the costs are recorded under the Estate Staff Cost heading.

The level of gardening/grounds maintenance required will depend on the particular needs of the garden/grounds but generally it will include, where appropriate, activities like cutting the grass, pruning the bushes and shrubs, weeding flower beds and where necessary occasional re-planting or landscaping. It may also include sweeping and cleaning areas of hard surfaces such as pathways and drying areas. This is where cleaning is not included in the work carried out by a cleaning contractor or SHG staff.

In general we do not ask our gardening/ grounds maintenance contractors to prune or manage the trees on the scheme or estate. This is carried out by a more specialist contractor and these costs are accounted for under the heading of "Tree Maintenance".

Where the gardening/grounds maintenance is normally provided by the Groups' staff but we have had to employ a contractor to cover the work for whatever reason the cost of providing that cover is included here.

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## **Tree Maintenance**

Maintaining the trees on a scheme or estate.

In general our garden/grounds maintenance contractors do not maintain trees on the communal parts of our estates. This is a specialist task and requires specialist training and equipment.

We employ specialist tree contractors to carry out this work, which often consists of pruning, in some cases reducing the size of the tree and in a few cases removal of dead, damaged or oversized trees.

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### **Estate Graffiti Removal - Estate**

Estate Graffiti Removal relates to where our estates or schemes have been subject to graffiti. We seek to remove it as soon as practical within certain standards.

Small scuffs and marks on the parts of the scheme or estate may be removed by the cleaners under the Estate Cleaning heading, however, where graffiti is present, more widespread, more difficult to reach or requires specialist materials we either employ a specialist graffiti removal company or ask our contract cleaners to remove it as a special "one off" job not included in the day to day cleaning. The additional cost of this work is recharged under this heading.

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## Estate Refuse Disposal

Estate Refuse Disposal covers the hire of estate bins, additional collections by the local authority, removal of large items from the scheme or estate and where appropriate hire of skips.

Sometimes it is necessary for us to either hire skips to remove large amounts of refuse from a scheme or estate, or to arrange for the removal of dumped items such as fridges, freezers or other large household appliances. Where this is necessary we arrange this either through the local authority or our own contractors. We have to pay these costs which include disposal at a registered disposal site like the local authority tip.

On some of our estates we also have communal bins that serve more than just an individual block. These are large "Paladin" or "Euro" bins which we either hire or buy to help control costs.

Refuse collection is generally the Local Authority responsibility and is paid for from your council tax. However, where there are high levels of refuse generated or rubbish is not put in the bins, more than the standard number of collections may be required. If the estate or scheme is served by a caretaker they will seek to ensure that the bins are regularly rotated and any spilt refuse that can fit is put in the bins before the refuse is collected. This helps keep the number of collections to a minimum.

However, where additional collections are required beyond those normally made by the Local Authority or where there are exceptional difficulties associated with collection (such as high rise blocks) there may be an additional cost which is recharged in the service charges.

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## Estate CCTV

Estate CCTV covers the servicing, repairing and maintenance of estate or scheme Closed Circuit Television (CCTV) but not the electricity to run any system.

We have installed CCTV systems on some of our schemes and estates to help tackle antisocial behaviour, vandalism and other problems that affect residents' security and peaceful enjoyment of their homes.

If CCTV is installed on an estate or scheme we endeavour to provide an adequate CCTV service by employing specialist contractors to maintain, repair and service the system and conduits. Any cost associated with this along with monitoring, are included under this heading.

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### **Estate Other**

Estate Other relates to estate services that do not readily fit into any of the other headings. Generally this is used for new services or facilities which are continually evolving.

We generally employ a specialist contractor to maintain, repair and service these systems and facilities.

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### **Play Equipment**

Play Equipment relates to the maintenance, repair and servicing of play equipment on an estate or scheme.

On some of our schemes and estates we provide a playground with play equipment. Where we do this we have a duty to ensure that the playgrounds remain safe. We employ a contractor to regularly undertake health and safety inspections and carry out any necessary repairs, servicing or maintenance.

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### **Estate Parking Control**

Estate Parking Control can cover the provision of an estate or scheme parking control service and the equipment associated with it (gates, bollards etc). In some cases a permit system is used and the income from this covers cost of the service but not usually the cost of equipment.

We sometimes provide parking control on our estates or schemes. This may be an access controlled system either by gates or barriers or through a parking permit system.

We employ a contractor to regularly service, repair and maintain any mechanical and electrical parking control systems.

Where we provide a permit system we employ contractors to check, monitor and manage the parking on the estate and to take appropriate action where cars are either dumped or parked without authorisation.

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### **Estate Laundry**

Estate Laundry costs relate to maintenance of any communal estate or scheme laundry. The costs cover machine rental costs but not the electricity to run any system

On some of our schemes and estates we provide a laundry. Where this is the case we have a duty to ensure that the facility is kept in a reasonable condition, is fit for use and that the machines work properly. We employ a contractor to regularly service, repair and maintain the machines.

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### **Estate Electricity**

This covers electricity used on the estate or scheme land, including any standing charge and VAT the suppliers bill us.

Communal lights and other communal facilities and equipment on the estate or scheme such as pathway and street lamps, parking barriers etc. all require electricity.

We seek to ensure that the consumption is as low as possible. When renewing equipment we seek to install more economical models.

To ensure we obtain the best price for the electricity supplied to our estates or schemes we have competitively tendered our electricity contracts and have entered into a "bulk" electricity contract with a single supplier. The majority of our estates have electricity supplied under this contract.

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### **Communal Water/Sewage Costs**

Maintenance, repair and servicing of any communal estate water or sewage facilities but not the electricity to run any system

Some of our estates have communal water supplies or water facilities such as their own communal sewage system, water features or communal water tanks. In these cases we have a duty to ensure that the water supply is paid for and that all facilities are maintained serviced and repaired.

Where water is not supplied to homes directly from the mains supply we have a responsibility to ensure that it is tested regularly to prevent contamination and infection such as legionella. We employ a specialist contractor to carry out the statutory test of the water supply.

Where an estate has a communal sewage system that is our responsibility to maintain and does not belong to the local water authority, we employ specialist contractors to service and maintain it.

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### **Estate Staff Costs**

These are staff costs directly associated with the scheme or estate.

We provide some scheme and estate services through staff directly employed by the Group. These staff might be caretakers, gardeners, or cleaners, or support and scheme managers in our sheltered schemes.

Where we directly employ staff to carry out these services they often work on more than one scheme or estate. To ensure we pass on a fair cost to all residents, we calculate staff salaries and 'on costs' such as uniforms, supervision and welfare services. We apportion these costs between the relevant estates and schemes, based on the type of work carried out in each location, and whether that work benefits the scheme or estate.

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### **Staff Accommodation**

Staff accommodation relates to the accommodation used by any staff directly associated with the scheme or estate.

We sometimes provide our directly employed staff with accommodation in one of our properties. The cost of providing this accommodation is equitably split between the schemes and estates in which they work.

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### **Estate Service Equipment**

Materials bought by the Group and used in any activities carried out on the scheme or estate where they are not accounted for under other specific headings.

We buy materials such as light bulbs and grit for our staff or contractors to enable them to carry out their required role.

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### **Depreciation - Estate**

Charges made to tenants for the replacement of any capital items or for installing a new capital item, which is not paid for in the rent.

This could include an expensive item, like the replacement of play ground equipment on an estate or scheme, and the cost is then spread over a number of years (the lifecycle of that item).

Through depreciation tenants payback a small amount each week towards the cost of the repair or replacement of expensive capital items.

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### **Concierge**

Provision of an estate or scheme concierge service.

On some estates and schemes we provide a concierge service as additional security and a point for residents to access our services. Concierge duties may include, for example, dealing with emergencies, provide information, controlling access to buildings, monitoring the estate or scheme's buildings and the surrounding areas to ensure residents' safety and dealing with any problems that might occur quickly and effectively.

Our concierge service may be provided either by our own staff or through a specialist concierge contractor's staff.

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### **Meals**

On some of our estates the Group provide residents with a meal service as part of their agreement with us.

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## **BLOCK SERVICES**

Block charges are, generally, only shared by the residents of one particular block. Click a heading to find out what the charge is for.

**Block Sundry Repairs**

**Block Cleaning**

**Block Gardening**

**Block Communal Furniture**

**Block Other Costs**

**Block Skips & Paladins**

**Block Service Materials**

**Block Graffiti Removal**

**Block Pest Control**

**Block Communal Window Cleaning**

**Block Communal Electricity**

**Block Communal Gas Heating**

**Block Communal Water Costs**

**Block Telephones**

**Block TV Licence**

**Block Lift Costs**

**Block Fire Equipment**

**Block Door Entry Maintenance**

**Block Boiler Maintenance**

**Block CCTV**

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**Block Water Pump Maintenance**

**Block Ventilation Equipment**

**Block Concierge**

**Block Staff Costs**

**Block Staff Accommodation**

**Capital Cost Contribution - Block**

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### **Block Sundry Repairs**

These are the repairs required to the communal areas of the block that are not included under any specific service heading.

All communal parts of blocks require regular maintenance to prevent them from deterioration. This might happen when something unexpectedly breaks down or when part of the building is accidentally damaged by normal every day wear and tear.

Whilst it is difficult to predict what parts of the building will require maintenance in any one year, we estimate what might be needed based on previous years' experience.

We employ repair and maintenance contractors to carry out this work for us and to ensure that these day to day repairs are carried out within a reasonable time scale to prevent either a risk to residents or further damage to the building.

At the end of the year we can provide a list of the repairs carried out to your building with the actual amount spent on communal repairs.

Any repairs carried out to mechanical or electrical equipment in the block are accounted for under that heading. For example a repair to a door entry system on the block will be accounted for under the "Door Entry" heading.

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### **Block Cleaning**

This relates to the cleaning the communal parts of the block where it is carried out by a cleaning contractor this and will include one off cleaning tasks and cleaning materials.

In the majority of our blocks we provide cleaning to the communal areas. Where this is provided by a specialist contractor the costs of the service are recorded under this heading. Where our directly employed staff carry out the cleaning the costs are recorded under the "Block Staff Cost" heading.

In general the cleaning service covers mopping and sweeping of hard flooring, vacuuming carpets, dusting and wiping down window sills, removing marks and small scuffs from painted surfaces where it is both easily reach and simple to remove without the need of specialist materials or equipment. In some blocks where there is no communal window cleaning charge this heading may also include cleaning the inside of any communal windows.

A schedule of the cleaning duties in your building can be obtained from your Resident Services Team.

Sometimes where the service is normally provided by our own staff we have to employ a contractor to cover the work. The cost of providing such cover will be shown under this heading in the "actual" charges.

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## **Block Gardening**

Estate gardening relates to the maintenance of the gardens/grounds that are linked specifically to the block, not any gardens serving the wider estate. These costs may include materials and equipment but not the cost of any work to trees.

Where a block has its own communal garden, that is not part of a wider estate garden/grounds, we have a responsibility to make sure that it is maintained and does not become overgrown.

In the majority of blocks we provide this service through gardening/grounds maintenance contractor and the costs of that service are recorded under this heading. In some cases we provide the service through our own directly employed staff, these costs are recorded under the "Block Staff Cost" heading.

The level of gardening/grounds maintenance required will depend on the particular needs of the garden/grounds but generally it will include, where appropriate, activities like cutting the grass, pruning the bushes and shrubs, weeding flower beds and where necessary occasional re-planting or landscaping. It may also include sweeping and cleaning areas of hard surfaces such as pathways and drying areas associated with the garden/grounds.

In general we do not ask our gardening/ grounds maintenance contractors to prune or manage the trees around blocks this is carried out by a more specialist contractor and these costs are accounted for under the heading of "Tree Maintenance".

Where the gardening is normally provided by one of the Groups' staff but we have had to employ a contractor to cover the work for whatever reason, the cost of providing that cover is included under this heading.

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### **Block Communal Furniture**

This relates to the repair and replacement of communal furniture in blocks that have lounges.

In blocks with communal lounges we supply furniture and curtains. Where these need repairing, maintaining or replacing we employ contractors to make good any damage, or replace the furniture.

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### **Block Other Costs**

These are other block services that do not readily fit into any of the other headings. Generally this heading is used for new services or facilities.

The systems and facilities that are provided in new blocks are continually evolving. For example some of our newer blocks are fitted with communal solar panels which either produce electricity or provide hot water.

We generally employ a specialist contractor to maintain, repair and service these systems and facilities but they do not always logically fit into any of the existing service charge heading and as such are recorded here.

Where there is a managing agent and an estate or scheme has a more complex set of arrangements for apportioning costs a third schedule may exist (e.g. costs associated to more than one block but not the whole estate).

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### **Block Skips & Paladins**

Refuse bin hire, additional collections by the local authority, removal of large items from the block and where appropriate hire of skips.

Unlike street properties, with individual bins, blocks of flats tend to have communal bins in one or more central locations such as a refuse bin chamber. The bins, known as "Paladin" or "Euro" bins and are larger than domestic bins. We often buy these bins but where they are expensive to buy we hire them to control costs.

Refuse collection is generally the Local Authority responsibility and is paid for from your council tax. However, where there are high levels of refuse generated, or rubbish is not put in the bins, more than the standard number of collections may be required. Where the local authority is required to make additional visits they pass the cost on to us.

If your building is served by a caretaker they will seek to ensure that the bins are regularly rotated and any spilt refuse, that can fit, is put in the bins before the refuse collection. This helps keep the number of collections to a minimum.

Sometimes it is necessary to either hire skips to remove large amounts of refuse from a block or to arrange for the removal of dumped items such as fridges, freezers or other large household appliances. Where this is necessary we arrange this either through the local authority or our own contractors who will pass on to us the cost of disposal including the use of a registered disposal site like the local authority tip.

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### **Block Service Materials**

These are materials bought by the Group and used in any of activities carried out in the block which are not included under any of the other specific headings.

We buy materials such as light bulbs and grit for our staff or contractors to enable them to carry out their required role these are included in the costs under this heading.

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### **Block Graffiti Removal**

This is removing graffiti on the block that cannot be directly attributed to any individuals.

Where our buildings are subject to graffiti we seek to remove it as soon as practical within certain standards.

Small scuffs on floors and paintwork may be removed by the cleaners under the "block cleaning" heading, however, where graffiti is present, more wide spread, more difficult to reach or requires specialist materials we either employ a specialist graffiti removal company or ask our contract cleaners to remove it as a special "one off" not included in the day to day cleaning. The additional cost of this work is recharged under this heading.

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### **Block Pest Control**

These are treatments to control infestations of pests within the block.

Sometimes it is necessary for us to carry out treatments in a block or a specific area within a block to ensure that infestation of pests like rats, mice or cockroaches are kept under control and not allowed to spread before they can be eradicated. We call these block pest control treatments.

Treatments vary with different pests but, as the infestation can be in the communal parts of the building and individual properties, the only adequate way of controlling the problem is to carry out a treatment throughout the block, not just in the communal areas.

We employ specialist pest control contractors to carry out this work and include the costs under this heading.

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### **Block Communal Window Cleaning**

This relates to the cleaning of the block communal windows.

In some of our blocks we employ contractors to carry out communal window cleaning services. The frequency of window cleaning varies between blocks and will depend on local conditions.

A schedule of when your communal windows are cleaned can be obtained from your Resident Services Team.

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### **Block Communal Electricity**

This relates to the electricity for the communal parts of the block including any standing charge and VAT the supplier bills to us.

Communal lights and other communal facilities and equipment within a block such as lifts, door entry systems, fire alarms, ventilation systems water pumps etc. all require electricity.

We seek to ensure that the consumption of electricity is as low as possible. When renewing equipment we seek to install more economical models.

To ensure we obtain the best price for the electricity supplied to our blocks we have competitively tendered our electricity contracts and entered into a "bulk" electricity contract with a single supplier. The majority of our blocks have electricity supplied under this contract.

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### **Block Communal Gas Heating**

This is the fuel supplied to the block communal heating system.

Where there are communal gas heating systems the Group has contracts with energy suppliers to provide fuel for the heating system.

Please note that where this heating is for individual homes the cost will not be eligible for Housing Benefit and will be shown separately. The heating of communal areas is eligible for Housing Benefit.

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### **Block Communal Water Costs**

This relates to the supply of water from the local water authority to the communal areas.

Many blocks have a water supply serving the communal gardens and internal areas. This supply is used for cleaning and other activities carried out by our staff or contractors. The cost we incur from the local water authority is included under this heading.

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### **Block Telephones**

This relates to the provision of communal telephones within the block that are not covered by the call charges.

Where we provide a communal telephone within the block we have a duty to pay for the cost of line rental and where necessary maintenance. These costs are apportioned to residents under this heading.

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### **Block TV Licence**

This relates to communal TV licences for any communal television. This does not cover concessionary TV licences.

Where the block has a communal TV, perhaps in a communal lounge we have a responsibility to buy the TV licence. We pass on your proportion of these costs under this heading.

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### **Block Lift Costs**

Servicing and maintaining lifts, the provision of lift phones but not the electricity to run any lift.

Many of our blocks have lifts or communal stair lifts. These require servicing, maintenance and repairing. To ensure, as best as we are able, that the system continues to provide an adequate service we employ specialist contractors to maintain, repair and service the lift. Repairs, that do not form part of this servicing or maintenance, are accounted for under this heading.

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### **Block Fire Equipment**

This relates to the servicing, repairing and maintaining of the fire equipment within the block, but not the electricity to run any system.

We seek to ensure all our residents' safety in the event of a fire within our blocks. In many blocks we do this by the installation of some or all of the following; emergency lighting, dry risers for emergency services, firefighting equipment, fire detection, alarms and smoke vents.

Whilst the power used by the system forms part of the "Block Communal Electricity" charge, we employ a specialist contractor to service, repair and maintain the systems.

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### **Block Door Entry Maintenance**

This relates to the servicing, repairing and maintaining the communal door entry system, but not the electricity to run any communal door entry system.

Door entry systems are installed in some of our blocks to provide added security and to control access. They often consist of main entrance doors with either a standard key operated lock or, more commonly, an electronic 'fob' key system, with a 'fob' reader, key pad, microphone and speaker to enable residents to speak to visitors and unlock the door remotely.

Door entry systems help to ensure that only residents or their guests can access the common parts of the building. This has the benefit of reducing wear and tear, and malicious damage to the internal communal parts of the building. However, the systems are relatively complex, requiring servicing, repair and maintenance along with a power source.

We employ specialist contractors to service, repair and maintain the systems. The power used by the system forms part of the "Block Communal Electricity" charge.

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### **Block Boiler Maintenance**

This relates to the servicing, repairing and maintaining of communal heating systems, but not the fuel to run it.

Some properties do not have individual heating systems such as boilers and radiators or electric heaters but benefit from a communal heating system. These are similar to individual heating systems but on a much larger scale.

We have a responsibility for ensuring, as best we are able, that the communal boilers, associated equipment and pipe work, can heat homes and, where appropriate, provide hot water when it is needed. To do this we employ a specialist heating contractor to maintain, repair and regularly service all parts of the system. The cost of which is passed on under this heading.

These systems may use different types of fuel, for example gas or wood pellets. The cost of fuel used by the communal system is passed on to residents through the "Block Communal Heating" charge.

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### **Block CCTV**

This relates to the servicing, repairing and maintenance of a block's closed circuit television (CCTV), but not electricity costs.

We have installed CCTV systems in some of our blocks to help tackle antisocial behaviour, vandalism and other issues that affect residents' security and peaceful enjoyment of their homes.

If CCTV is installed on a block we endeavour to provide an adequate CCTV system by employing specialist contractors to maintain, repair and service the system and conduits and monitor the footage. Any power used by the system forms part of the "Block Communal Electricity" charge.

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### **Block TV Costs**

This relates to the servicing, repairing and maintenance of the Communal TV Aerial System including the cables and outlets in individual properties but not the electricity need to run the system.

Many of our building are served by a communal digital TV aerial and or satellite system. We employ contractors to repair and maintain the aerial/ satellite system including the aerial, receiver equipment, cables and outlet sockets within individual properties. Any power used by the system forms part of the "Block Communal Electricity" charge.

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### **Block Water Pump Maintenance**

This relates to the maintenance, repair, testing, disinfecting and servicing of any water pumps, communal tanks and sewage systems.

#### Water Pumps

If the water supply pressure is low, either because of the geographic location, the height of the building or because the water authority have reduced the pressure to prevent leaks from their pipes, water may not reach the upper floors of the block under its own pressure. In these circumstances we install water pumps to ensure those on the upper floors still receive water through their taps at a reasonable rate.

We employ specialist contractors to service, repair and maintain the water pumps. Any power used by the pumps forms part of the "Block Communal Electricity" charge.

#### Water Testing

Where a block has a communal water storage tank we employ specialist contractors to ensure we meet our duty to regularly test the water for any contamination and infection such as legionella and where appropriate we carry out any necessary treatment.

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### **Block Ventilation Equipment**

This relates to the servicing, repair and maintenance of communal ventilation, but not the electricity needed to run the system.

In many of our larger and more modern buildings ventilation equipment is needed to remove stale air from inside the building. Commonly this is necessary where the building has been designed to maximise the natural light into the living space, living rooms and bedrooms, which has meant that the bathroom has no window and, therefore, no natural ventilation.

Where this is the case there will be some form of artificial ventilation provided. Where this serves more than one property we employ a specialist contractor to service, repair and maintain the system.

Any power used by the system forms part of the “Block Communal Electricity” charge.

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### **Block Concierge**

This relates to the provision of a block concierge service.

In some blocks we provide a concierge service as additional security and a point for residents to access our services. Concierge duties may include, for example, dealing with emergencies, providing information, controlling access to the building, monitoring the building and surrounding areas to ensure residents’ safety and dealing with any problems that might occur.

Our concierge service may be provided either by our own staff or through a specialist concierge contractor’s staff.

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### **Block Staff Costs**

This relates to staff costs directly associated with the block.

We provide some block services through staff directly employed by the Group. These staff might be caretakers, gardeners, or cleaners depending on the individual needs of the block.

Where we directly employ staff to carry out these services they often work on more than one block. To ensure a fair cost is charged to residents to all we calculate the cost of their salaries and 'on costs' such as uniforms, supervision and welfare services. We then apportion these costs between the blocks and schemes in which they work, we base this on the type of work carried out in each location, and whether that work benefits the block.

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### **Block Staff Accommodation**

This relates to the accommodation for staff directly associated with a scheme or estate. This may appear as a block cost or an estate cost.

We sometimes provide our directly employed staff with accommodation in one of our properties; this is not always in the blocks where they work.

We divide the cost of providing this accommodation equitably between the blocks in which they work. Where it does not directly benefit the block the Group pays that proportion of the cost.

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### **Capital Cost Contribution - Block**

These are charges made to tenants for the replacement of any capital items or, for installing a new capital item, which are not paid for in the rent.

Capital items could include an expensive item like replacement of a lift in a block of flats. The cost is spread over a number of years (the lifecycle of that item).

Through capital cost contribution, tenants pay back a small amount each week towards the cost of the repair or replacement of expensive capital items.

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## PROPERTY SERVICES

Property charges are charges which relate to an individual property or groups of properties but not whole blocks.

### Accounts Certification Fee

### Insurance

### Reserve Fund Contribution

### Emergency Alarm System

### Property Electricity Charges

### Property Heating

### Property Water Charges

### White Goods

### Ground Rent

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### Accounts Certification Fee

This is a fee for accounts certification where the lease requires us to audit accounts for shared owners and leaseholders

Some leases require us to certify service charge accounts. Where we are required to do this we pass on to leaseholders their proportion of the costs of employing an auditor to carry out this work.

In certifying the accounts the auditor is confirming that they have checked that the process we have used creating the service charge accounts has been followed and complies with relevant legislation.

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### Insurance

This relates to leaseholders' contribution towards buildings insurance.

Our leases give each party specific duties. One of our duties is to maintain a level of buildings insurance cover for the property to protect our and our leaseholders' investment.

We buy buildings insurance cover each year from November to October and pass on a

proportion of the cost of doing so.

Because the insurance year is not April to March like our service charge and financial year we estimate the insurance costs based on the known cost from November through to March i.e. five months of the existing year cover costs and an estimate of the following seven months' costs.

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### **Reserve Fund Contribution**

This is a contribution made by leaseholders and shared owners towards a reserve fund.

In most cases the terms of our lease allow us to operate a reserve fund to save toward large items of expenditure that are not required every year, such as redecoration or major building repairs.

Operating a reserve fund reduces the need for us to ask owners for sums of money to cover these large scale essential works. We save this money into special accounts that attract interest which we pass on to the home owners.

We provide a statement of the reserve fund budget every year, and when large items of expenditure occur we advise home owners and withdraw money from the account.

In some cases where the reserve is insufficient to cover the full cost of the work we ask owners, by way of an invoice, for additional money to cover the costs.

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### **Emergency Alarm System**

This relates to the emergency alarm system supplied to some individual properties Contributions are made towards the servicing, repairing, maintenance and monitoring of these emergency alarms.

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### **Property Electricity Charges**

This relates to electricity provided to individual properties, including any standing charges and VAT.

Where we provide electricity to individual properties we pass on the cost of the energy that the energy provider charges to us.

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### **Property Heating**

This relates to the heating provided to individual properties.

Where we provide heating to an individual property we pass on the cost of maintaining, repairing and servicing the heating system. The cost of the fuel used to run the system is also included in this charge.

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### **Property Water Charges**

Where the local water supplier charges us directly for water provided to an individual property we pass these cost to residents without deductions under this heading.

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### **White Goods**

With some tenancies we provide white goods to individual properties.

Where we provide white goods, such as fridges, freezers, washing machines and cookers we pass on the cost of servicing, repairing and maintenance under this heading.

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### **Ground Rent**

Ground rent is a yearly contractual payment due under the terms of a lease rather than for a service we might provide.

Most of our leases with home owners allow us to charge a ground rent. Ground rent for shared owners is generally only charged after they have 'stair-cased' to own 100% of the equity in their home.

The demand for Ground Rent must be accompanied by a statutory notice.

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## **External Managing Agent (EMA) Charges**

Where we do not own the freehold, External Managing Agents (EMAs) will manage the property and charge for their services. Click on a heading for more information

### **Properties where the management is not all carried out by the Group**

#### **Documents**

#### **Parts of the documents**

#### **Accounts - Schedules**

#### **Invoices - Demands we receive**

#### **Charges we pass on**

#### **Your share of the cost**

#### **Income and expenditure sheet**

#### **Management fees**

#### **Management Agent Charges line-by-line**

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## **Properties where the management is not all carried out by the Group**

On estates where we don't own all of the properties the freeholder, who owns the estate, normally appoints and employs a managing agent to ensure that the communal parts are maintained.

This often includes the maintenance and servicing of any electrical or mechanical equipment, along with cleaning and gardening and any necessary repair to the structure and fabric of the buildings and estate land.

A managing agent is a company or individuals that take on management of a scheme, estate or block for the owner(s) much in the same way as we manage schemes, estates and blocks that we own.

Southern Housing Group still has a responsibility to manage and maintain the inside of tenants' properties,

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## **Documents**

We forward on to our residents copies of the documents that the managing agent provides to us and, while they can sometimes appear complicated, we send them to residents so that they have a complete set of information.

Usually the managing agent provides two sets of documents during the year, one detailing what they anticipate spending in the coming year, and the other detailing what they have spend in the preceding year.

It is not possible for us to provide comprehensive details on all the possibilities but below, we explain what the documents are and what they contain, pointing out those you might find the most useful.

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## **Parts of the documents**

In general there are four parts to the documents that the managing agent provides that we pass onto you.

- Accounts.
- Demands for payment.
- Details of the income and expenditure.
- Auditors report.

We also receive an invoice for our share of the charges, we do not pass this document on as our agreement with you is to pass these costs on in our service charges.

A brief description of these documents:

Accounts - These documents set out what the managing agent anticipates they will spend before the year starts, or at the end of the year what they have spent on services and facilities to different parts of the estate, scheme or block. They are often divided up in to schedules which are explained for you below.

Invoices – These may be included where there are specific payments for services the managing agent has employed a third party to deliver.

Income and expenditure - This document is provided at the end of the year and sets out what the managing agent has spent and recovered from all those who are due to contribute to the service charges. It will either show that they have collected more than they have spent so there is a surplus or less in which case there is a deficit.

Auditors Report - Managing agents are required to appoint auditors to review their accounts for the estate, scheme or block. This document confirms that the costs have been audited.

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## **Accounts - Schedules**

In many schemes there are complex arrangements of who pays for what. To accommodate this, the accounts are divided into a set of 'schedules'.

For example, services or facilities that all properties share such as the maintenance of the external communal space might be in one schedule. Services or facilities shared by everyone in a particular block, for example cleaning the communal stairs and landing, would be in a separate schedule. A third schedule might cover services or facilities shared by only some of those in the block, for example, for the use of an exclusive underground garage.

Generally, managing agents' service charge documents have a list of the service charge headings on the left hand side showing itemisation for lines such as 'Electricity (common parts)', 'Estate office rent' etc.

These will give some brief detail as to where expenditure is expected or has occurred.

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## **Invoices - Demands we receive**

We receive a demand for the estimated charges before the scheme's service charge year begins. Within six months of the end of the service charge year the managing agent must send us an account showing what they actually spent in the year.



The first set of documents provides details of what the managing agent anticipates spending in the coming year. The second details what they have spent in the preceding year. They usually specify the difference between the two.

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## **Charges we pass on**

We do not always pass on the full amount shown in the managing agents' charges within our service charges to residents.

Residents with different tenures pay for things in different ways.

### Owners

The terms of our lease with shared owners and leaseholders set out what you pay for. Generally we pass on all managing agents' expenditure to our leaseholders through our service charges.

### Renting Tenants

Renting tenants pay for some of the services provide by a managing agent within their rent on a week by week basis, depending on the details within their tenancy agreement. We do not, therefore, pass on the managing agents' costs for these elements of the service charge.

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## **Your share of the cost**

In all our properties we try to ensure that each property pays an equitable share of the cost of running the scheme and block. Where there is a managing agent, the way that the charges have been divided out will have been set by them and we follow this same method.

For example, if the charges for the estate schedule are split evenly across all properties, so that everyone pays the same proportion of the costs, then we will divide up all relevant costs equally before passing them on. This does not necessarily mean that all residents will receive the same charges. It may be that tenants will not pay for some of the costs as described above but will pay an equal share of the other costs.

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## **Income and expenditure sheet**

This sheet normally forms part of the accounts provided separately. The sheet details what the managing agent has collected through charges and other payments and what it has spent on managing the block or estate.

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### **Management fees**

Managing agents include on their accounts a fee for managing the estate.

In the same way as with other charges we pass this onto leaseholders in full and charge tenants the proportion that is not covered by the rent.

In many cases we also charge a management fee to cover the work that we do in addition to that carried out by the managing agent. The amount we charge varies with the level of service provided by the managing agent on each schemes.

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## **Managing agents' charges line-by-line**

Charges passed on to residents by external management agents. Click a heading to find out what the charge is for.

**Managing Agent Services - Leasehold**

**Managing Agent Services - Rented**

**Block Managing Agent Services Leasehold**

**Block Managing Agent Services Rented**

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### **Managing Agent Services - Leasehold**

These are charges passed on to us by the company that manages the communal areas of the scheme or estate.

Some of the schemes and estates in which we have properties are not managed directly by the Group. Where this is the case a managing agent arranges contracts and provides services in the communal areas.

The costs of these services are passed on to us by the managing agent and we pass your proportion on to you, without deduction.

### **Managing Agent Services - Rented**

These are charges passed on to us by the company that manages the communal areas of the scheme or estate.

Some of the schemes and estates in which we have properties are not managed directly by the Group. Where this is the case a managing agent arranges contracts and provides services in the communal areas.

The costs of these services are passed on to us by the managing agent and we pass your proportion on to you, minus those items which are covered by your rent.

### **Block Managing Agent Services Leasehold**

These are charges passed on to us by the company that manages the communal areas of the block.

Some of the blocks in which we have properties are not managed directly by the Group. Where this is the case a managing agent arranges contracts and provides services in the communal parts of the building.

The costs of these services are passed on to us by the managing agent and we pass your proportion on to you, without deduction.

### **Block Managing Agent Services Rented**

Charges passed on to us by the company that manages the communal areas of the block.

Some of the blocks in which we have properties are not managed directly by the Group. Where this is the case a managing agent arranges contracts and provides services in the communal parts of the building.

The costs of these services are passed on to us by the managing agent and we pass your proportion on to you, minus those items which are covered by your rent.