

INFORMATION FOR RESIDENTS

3. Paying rent and service charges

It is important that you pay your rent and other charges on time.

This booklet tells you more about your rent, ground rent and service charges. It also gives details about the help available if you are finding it difficult to pay these charges.

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Paying rent, ground rent and service charges

This table explains when we work out your charges.

Month	Rent	Service charge and sinking funds (see the glossary)
April	You will pay a new rent amount (if this applies) and a new service-charge amount (if this applies) in one combined payment starting from 1 April.	
May to July	No change	We will prepare actual service-charge accounts and statements for the financial year ended 31 March.
August to September	No change	You will receive a summary of the actual spending on service charges against the estimated charge you have actually paid for the year ending 31 March. If you owe us money, we will ask you to pay the balance within 14 days. If you have paid too much, we will refund the overpayment to your rent account.
September to October	No change	We will take how much we actually spent in the previous year and how much we have spent so far in the current year to estimate our service charges for the next year. We will send these draft budget estimates to you.
October to November	No change	We will discuss these estimates with you and ask for your comments about the services we provide.
December to January	As soon as the retail price index (RPI) is published, we will work out our rent increases.	We will finalise the service-charge estimates and send them out to you as soon as possible.

Month	Rent	Service charge and sinking funds (see the glossary)
February	We will write to tell what your new rent will be.	You will receive notice of the total monthly payment due to begin on 1 April. If you pay by direct debit, we will inform 'allpay' of the changes. If you pay by standing order, you must contact your bank or building society to change the details.

Rent and ground rent

Setting your rent

If you are a shared owner, the rent we charge you is based on the share of your property that you own. For example, if you own 60%, you will pay rent on the other 40%. We set the rent when we value each property that we buy and sell. If you own 100% of your property, you will not have to pay any rent.

Ground rent

Under the terms of your lease, you must pay ground rent to the freeholder. The freeholder may be us or some other organisation. You should check the terms of your lease to find out how much the ground rent is and when you have to pay it.

Rent increases

If your lease was created after 1988, you have an 'assured rent', which means that you have certain rights. One of these is that the level by which we can automatically increase your rent is set out in your lease. There are several factors that affect the maximum increase that we can charge each year. These include:

- the percentage increase in the retail price index (RPI) or the average earnings index (AEI) for the 12 months to the previous November, whichever is greater;
- 8% or the RPI, whichever is greater; and
- the RPI plus 1%, or 5% of the total rent, whichever is greater.

During February or March each year, we will let you know what your new rent will be from 1 April. We will give you at least 28 days notice. If you pay by direct debit, we will inform 'allpay' about the change in payments from 1 April. If you pay by standing order, you must contact your bank or building society to change your payments.

If your lease was created before 1989, the rent increases mentioned above will not apply to you because your rent is reviewed every two years by the Rent Officer.

Service charges

Setting service charges

You will pay a service charge if we provide you with services that you share with more than one property, for example lighting in shared areas, stairways and so on. You must pay your service charges as set out in your lease. You will also need to pay your share of any major repairs and improvements we make to your scheme. Your rights and responsibilities when it comes to paying your service charges are set out in the Landlord and Tenant Act 1985, sections 18 to 30 (as amended later by the Commonhold and Leasehold Reform Act 2002).

How we work out your service charges

You will pay an estimated service charge in advance based on our budget for providing services to you in the year ahead. At the end of the financial year, we work out the difference between our estimated cost and the actual costs. Everyone living on an estate will receive some of the services we provide, while only residents living in a particular block or sharing common facilities such as internal lighting or a car park will receive other services. When we work out who pays what for the services they receive, we call this 'apportioning service charges'.

Some services are for everyone living on an estate, while other services are only for those living in a particular block, or sharing certain areas, such as a garden or a car park.

We will put the different services into tables. One table will list the services that everyone gets. Another table will list the services for residents in a particular block. A final table may list the services that only some residents get, for example those who use the car park. We use these tables to produce service-charge estimates.

We will share the cost of the services in each table in line with the terms of your lease. This may be based on the number of properties that use those services or the size of your home, or it may be a specific amount.

On all newly built homes, we will know the floor area for each property, so we will divide the cost of services in any particular block depending on how big the property is. We divide service charges in this way because most of our new housing developments have both tenants and leaseholders living in them. So, it is standard practice to work out service charges by floor area.

Your rights if you pay service charges

You have the right to:

- be told beforehand about any changes we make to your service charge;
- receive a summary of your service-charge costs for the previous financial year, and to see the accounts and invoices we have based this summary on if you ask to do so;
- receive a summary of the insurance policy we have for your building;
- be consulted about major or cyclical (regular) work if it will cost each leaseholder more than £250;
- be consulted about service contracts if they will cost each leaseholder more than £100 each year (this only applies to contracts lasting more than 12 months);
- receive a bill within 18 months of us paying for the work, or be told within 18 months if we are going to charge you for the work or services we provide; and

- challenge your service charge at a Leasehold Valuation Tribunal if you think the charge is unreasonable.

The following are examples of what we use your service charges for.

- Cleaning shared areas
- Maintaining the grounds around your scheme or estate
- Cleaning windows (outside)
- Repairing and maintaining your scheme or estate
- Servicing and repairing equipment (for example, an entryphone system)
- Shared utilities (for example, lighting)
- Repairing and maintaining lifts
- Insuring the building
- Shared bins
- Shared heating and hot water

We will also collect money from you that we will hold in a 'sinking fund' for regular or 'cyclical' work (for example, decorating the outside of the building) and major work (for example, roof repairs). We will collect sinking funds depending on the type of service we provide where you live. For example, if there is a lift in your building, we will collect a sinking fund to pay for replacing the lift in the future.

If you live on an estate where some of the homes are owned and some are rented, we pay a proportion of the cost of major work on behalf of the tenants and we collect it through their rent. Leaseholders do not pay towards the cost of the services we provide for tenants.

Management charges

We charge a management fee to cover our cost of providing these services.

Our management fee is currently made up of two parts – one is a fixed charge and the other is a 15% charge on the eligible parts of the services

we provide. Your service-charge account shows you what parts will be covered by the 15% charge.

Our management charges pay for:

- collecting and accounting for payments we receive;
- arranging buildings insurance;
- managing buildings insurance claims for the shared areas;
- dealing with individual buildings insurance claims;
- keeping accounts for the costs of services we provide;
- carrying out inspection visits;
- consulting you and other residents about management arrangements and other matters;
- providing newsletters and handbooks and responding to customers' questions;
- working out estimates for service charges;
- monitoring services received and service level agreements;
- other spending on stationery, phones and so on;
- providing the out-of-hours emergency call centre;
- professional fees of surveyors, solicitors and accountants to provide advice on matters we do not charge you direct; and
- our costs in keeping to all laws regulations and performance rules that apply to us.

Service-charge account

We will send you your service-charge account at the end of the financial year, which will show your balance (in other words, whether you owe us money or we owe you money). Under the terms of most leases, we must make any necessary adjustments to this balance once the year-end accounts are finalised. So, if we owe you any amount, we will reduce

your payments over future months. For example, if you pay by direct debit, we will reduce the amount of your next direct debit, and possibly future direct debits, until we repay the amount we owe. If you owe us money on your account, we will ask you to make a one-off payment.

When you receive your service-charge account for the previous financial year, please check it carefully. If you have any questions about your account or if you want to see a copy of the invoices that we have paid, please contact your housing services officer.

Financial help with service charges

You may be able to claim benefits if you own your home and you lose your job or are having financial problems.

If you are getting Income Support or Jobseeker's Allowance, you should tell the Benefits Agency about the service charges you have to pay. You will need to send them a copy of each bill you receive, including your estimated service charge, your final account and details of any planned work for your building. You will also need to tell them about any changes to your service charge within four weeks of receiving the demand.

If you disagree with your service charge

If you do not agree with the service-charge account or if you are not happy with the cost of our services, you should first contact your housing services officer using the contact details at the front of this handbook. They may refer your complaint to their line manager if appropriate. If you are not happy with our reply, you can follow the complaints procedure that is explained in section 6 of this handbook. If you are still not satisfied, you can apply to the Leasehold Valuation Tribunal (LVT) who will make the final decision about your service charge. You will have to pay a fee of up to £500 for each application to the LVT.

How to pay

You should pay your rent and service charge each month, for the month to come. You will normally pay ground rent once a year and we will send you a separate invoice for this. We encourage all residents to pay by direct

debit, although some residents pay by standing order. We also accept payment by cheque and debit card. You can contact your income services officer for details of how to pay by using the contact details at the front of this handbook.

If you do not pay the charges set out in your lease on time, you will be breaking the terms of your lease and the conditions of your mortgage. If you are having trouble paying, you should contact your income services officer straight away. We will put you in touch with a debt advice centre and they can tell you whether you can claim any benefits. You can also contact any citizens advice bureau if you are having difficulty paying.

If you cannot pay your rent, service charges or ground rent, we will make a payment agreement with you over a three to six month period. We will charge you interest on any debt that is over eight weeks old at 3% over the base rate.

If you do not contact us or if you do not keep to a payment agreement, we will:

- contact your lender, if you are a shared owner, to recover the debt;
- apply to the small claims court or the LVT for service-charge debts; or
- apply to court for a possession order, if all else fails, which means that you could lose your home.

If you are having financial difficulties, you should contact your mortgage lender straight away so they can try and help you find a solution. If you do not sort out the situation, the mortgage lender can repossess your home (take it away from you) and sell it. They would give you any money left over after selling your share, once they had paid back the debts and expenses that you owe.

Administration charges

We will charge for the administration work relating to your property. Below is a guide of the sort of things we will charge you for.

If you would like up-to-date information about the charges, please contact your housing services officer.

- Replying to a solicitor's enquiries before a property is sold
- Legal notice of transfer, mortgage or subletting
- Considering applications for permission for alterations and improvements
- Considering applications for other permission
- Delaying payment of service charge
- Non-routine arrears letters
- Enforcing covenants (in other words, making sure you follow the conditions of your lease)
- Request for insurance policy documents

Translations

This document gives information about rents and service charges. If you need any part of this information in large print, Braille or audio-tape or explained in your own language please contact us on the number below.

English

Dokumentigan wuxuu ku saabsan yahay lacagta ijaaarka iyo adeegta lacagta. Haddaad u baahan tahay warkan afkaaga-hooyo, afka loogu talagalay dadka aan arki karaan – afka faraha ama CD-ga ama ajeladda rekorka nala xirir. Namberkan isticmaal.

Somali

Este documento proporciona-lhe informações sobre rendas e despesas de serviço. Se necessitar de parte desta informação em caracteres aumentados, em Braille, em CD, cassette áudio ou apresentada no seu idioma, por favor contacte-nos, através do telefone abaixo indicado.

Portuguese

تمذك هذه الوثيقة بالمعلومات اللازمة عن الإيجارات ورسوم الخدمة. إذا كنت ترغب في الحصول على أي جزء من هذه المعلومات مطبوعاً بأحرف كبيرة أو بطريقة برايل أو مسجلاً على أسطوانة مدمجة أو شريط صوتي أو مشروحاً باللغة التي تتحدثها، يرجى الاتصال بنا على الرقم الموضح أدناه.

Arabic

এই দস্তাবেজটি ভাড়া ও পরিষেবা বাবৎ সম্বন্ধে তথ্য সরবরাহ করবে। যদি আপনি এই তথ্যগুলোর যে কোন একটির সম্বন্ধে বিস্তারিত জানতে চান, অথবা আপনার নিজের ভাষাতে ব্রেল, সিডি, অডিও টেপ-এ পেতে চান তাহলে নিম্নলিখিত নম্বরে আমাদের সাথে যোগাযোগ করুন।

Bengali

Ce document contient des informations sur les loyers et frais de gestion. Si vous souhaitez obtenir une partie de ces informations en gros caractères, en Braille, sur CD, cassette audio ou expliqué dans votre langue, veuillez nous contacter au numéro indiqué ci-dessous.

French

આ દસ્તાવેજ ભોટું અને સર્વિસ ચાર્જ વિશે માહિતી આપે છે. જો તમારે કોઈ પણ ભાગની આ માહિતી બ્લેઈલ, સીડી ઉપર, ઑડિયો ટેપ અથવા તમારી પોતાની ભાષામાં સમજી શકો તેની જરૂર હોય તો નીચે જણાવેલ નંબર ઉપર અમારો સંપર્ક કરો.

Gujarati

Este documento proporciona información sobre alquileres y cargos por servicios. Si necesita esta información en fuentes grandes, Braille, en CD, cinta o en su propio idioma, póngase en contacto con nosotros en el teléfono siguiente.

Spanish

Telephone: 020 8451 8000

