

# Service Charge: Your Income & Expenditure Account Explained

**2015/16**

**The A2Dominion service charge programme 2**

What is a service charge? 2

---

How much do I have to pay? 2

---

How do variable service charges work? 2

---

How we will pass on the balance for 2015/16 service charge accounts 3

---

Major works/cyclical decoration 4

---

Buildings insurance 2015/16 4

---

**Frequently asked questions 5**

How is my share of the costs worked out? 5

---

How is the management fee worked out? 7

---

I bought my home during 2015/16. Does this affect how my account balance is dealt with? 7

---

Do leaseholders and shared owners subsidise tenants? 7

---

Why is there such a big balancing charge or credit balance? 8

---

**How we will respond to a query about your service charge account 8**

## The A2Dominion service charge programme

2016			
September	October	November	December
Accounts for financial year 2015/16 issued, together with notice of your share of the under or over spend for your estate/block.			
2017			
January	February	March	April
	Estimated charges for 2017/18 sent to all customers who pay a service charge		First 2017/18 service charge payments taken for customers paying by Direct Debit
May	June	July	August
September	October	November	December
Accounts for financial year 2016/17 issued, together with notice of your share of the under or over spend for your estate/block.			

### What is a service charge?

Service charges cover the cost of services we provide to your estate and/or block. Services we provide might include, for example, block cleaning or grounds maintenance in shared areas.

The service charge is payable in addition to rent and/or ground rent if you are a shared owner or leaseholder.

### How much do I have to pay?

If you are a shared owner or leaseholder and you receive services from us, you will have to pay a share of the full costs of those services for your estate or block. The terms of your lease set out your share of the costs.

These payments are known as 'variable service charges', as the amount you have to pay varies if the cost of providing the services changes within the year, or is different to our original estimate (now referred to as 'on account').

### How do variable service charges work?

Before the start of each financial year, which is usually 1 April, we will estimate how much it will cost to provide services to your estate or block for that year. During the financial year, we will charge shared owners and leaseholders their share of the estimated cost, usually by collecting monthly payments (on account payments).

Following the end of the financial year, which is usually 31 March, we will compare the amount we have charged with the actual amounts we spent. We aim to send you an Income and Expenditure Account (referred to as 'account' for the purposes of this guide) for your estate/block, by no later than 31 October each year.

If the actual cost of providing services is lower than the amount we charged, there will be a credit balance on the accounts for your estate/block. We will credit each shared owner or leaseholder's share of the credit balance to their customer account.

If the actual cost of providing services is higher than we estimated, there will be a balancing charge on your account. This means each leaseholder and shared owner need to pay us their share of the balancing charge. We will add the balancing charge to your customer account.

## **How we will pass on the balance for 2015/16 service charge accounts**

### **If there is a credit balance...**

If the actual cost of providing services is lower than the amount we charged, there will be a credit balance on the accounts for your estate/block.

We will credit each shared owner or leaseholder's share of the credit balance to their customer account. If your payments are up-to-date we can refund you this money.

If you pay by Direct Debit please [complete our online form](#) to request a refund. The balance on your account will then be refunded to you. We will usually do this by reducing the amount we collect for your next Direct Debit payment by the amount your account is in credit. If the credit is bigger than a month's charges we will make a payment for the credit and continue collecting charges as normal.

➔ [Request my service charge refund by Direct Debit](#)

Direct Debit is the simplest and easiest way to pay your service charge, if you are not currently paying by Direct Debit but would like to, please call us on 0800 432 0077 and we can set one up for you over the phone.

Alternatively, you can [complete our Direct Debit sign up form](#) and we will call you at time convenient to you to set up your Direct Debit.

If you don't pay by Direct Debit please [contact us](#) to request a refund.

### **If there is a balancing charge..**

If the actual cost of providing services is higher than we charged, there will be a balancing charge on the accounts for your estate/block.

Leases usually require any balancing charge to be paid in full on demand. If there is a balancing charge for your estate/block the letter accompanying your accounts includes a formal demand for payment. If this is the case, we will add the balancing charge to your customer account and this will become payable immediately. We are happy to make agreements with you to pay the balancing charge to us monthly in instalments. Any agreement to pay by instalments will require the first instalment to be made within six weeks of you getting the Income and Expenditure Account and clear the balancing charge by 31 March 2017.

If you have chosen to pay in monthly instalments, but do not make the necessary payments, we may charge you interest in accordance with the terms of your lease.

If you pay by Direct Debit you can authorise us to collect the balancing charge by Direct Debit by [completing our online form](#).

If the balancing charge is less than £35 we will usually collect the sum in one payment. If the balancing charge is more than £35, we will split the sum and collect in equal instalments over the remaining months (up to 31 March 2017) from when we get your authority to do so.

 [Pay my balancing charge by Direct Debit](#)

If you pay by any method other than Direct Debit, please call us on 0800 432 0077 to pay your balancing charge over the phone. Alternatively, you can add the balancing charge to your next payment. If the balancing charge is more than £35, you may pay it off in instalments as long as it is fully paid by 31 March 2017. Please note that making payment in full at the end of March is not acceptable. Regular instalments agreed with us must be made.

If you wish to pay by instalments please email us to confirm at [leasehold@a2dominion.co.uk](mailto:leasehold@a2dominion.co.uk).

### **Major works/cyclical decorations**

Some estates/blocks have had major works or cyclical decorations completed over the last year, which are being charged to shared owner and leaseholders in the 2015/16 accounts. Where this is the case you will see a charge in your account for cyclical works.

If there is a sinking fund or reserve for your block or estate, the funds held will be used to offset the costs. If the sinking fund does not cover the full cost of the works, you will be required to pay the remaining balance.

If you do need to pay a remaining balance for major works, we will include a demand for payment in your accounts letter. The balance will be due immediately. We offer leaseholders a range of payment options for major works. These are only available to you if you live in the property you hold a lease for.

If you have a charge on your account for major or cyclical works, but you haven't yet chosen a payment option, you will need to contact your Leasehold Income Officer to arrange a payment option, or pay the full amount within 30 days of the demand.

If you are worried about being able to make payment, please contact your Leasehold Income Officer immediately by calling 0800 432 0077.

If you do not have an agreement in place, any major work/cyclical decorations costs not cleared within 30 days of the demand may attract interest in accordance with the terms of your lease.

### **Buildings insurance 2015/16**

If A2Dominion insure your building the cost of this will be shown on the account you have received. The cost for buildings insurance for 2015/16 was £113.86 per home.

## Frequently asked questions

### How is my share of the costs worked out?

The total costs to which you will contribute will come from services we provide to (up to) seven different groupings (we refer to these as 'schedules'). The different schedules you may see may include:

- Estate
- Block
- Sinking Fund
- Major Works
- Water
- Parking
- Individual Heating

You will not necessarily see all these schedules, its much more likely that you will only have three or four schedules, though some may indeed have all of them.

You can find an explanation of each of the headings that appear in the schedules and other terms in our online guide: ['Service charges - what do they cover?'](#)

Unless your lease says otherwise, **estate costs** are divided by the number of homes that receive a service on the estate.

Similarly **block costs** are divided between the numbers of homes in a particular building, unless otherwise specified in your lease. For example, your lease may state that you are responsible for a specific percentage of the costs instead.

There are some costs that we charge to all homes equally. These are:

- Management charge
- Buildings insurance
- Examination costs

Because of the way we work out these charges you may notice the percentage may vary slightly, this is not a mistake, but rather a quirk of our system.

If we do not manage your estate or block, or there are other areas that are managed by another agent, then the cost for the services they provide to those areas will appear as 'External agents charge' usually on the Estate or Block schedules.

Please note, if we have established another way to charge you for Water or Individual Heating, such as by sending you a bill based on a meter reading, the cost may not appear in either your estimate or account. Water or Individual Heating are not usually eligible for housing benefit.

Your account shows how each item you pay for has been calculated. An example is shown on the following page.

## Your Income & Expenditure Account explained

You may receive **up to seven different schedules**, which will show the costs of all the different services we have provided to your block or estate in 2015/2016. These seven schedules are as follows:

**Block:** services to your block, such as Block Cleaning and Passenger Lifts.

**Estate:** services to your estate, such as Grounds Maintenance and Bulk Refuse Removal.

**Major Works:** cyclical and major repairs in shared areas, such as redecorations and replacing roofs or windows.

**Water:** covers charges made by your utility provider to supply water to your flat.

**Parking:** any separate charges for parking areas on estates, such as line marking and enforcing rules.

**Individual Heating:** the cost of personal heating and hot water.

**Sinking Fund:** the money we hold in reserve for maintaining and replacing parts of your building so you are less likely to pay large one-off costs.

Your Sinking Fund schedule will show the overall amount you paid towards your sinking fund for the year.

Agreement reference number: 00000000/00

Date: 10 October 2016



## Service Charge Income & Expenditure Account

Mr John Smith  
Re: Flat 2, Your Estate  
Flats 2-10, Your Estate

For detailed explanations of costs, please see the service charge information section of our website, [www.a2dominion.co.uk/servicecharges](http://www.a2dominion.co.uk/servicecharges)

Due to the way our system works, sometimes percentages may differ very slightly. This is not an error and charges are still correct.

Service Charge - Block

Service Charge period:

**1 Apr 2015 - 31 Mar 2016**

Expenditure heading	Expenditure	Percentage	Share due
Access Control	14,150.16	3.8500%	544.78
Block Cleaning	7,288.96	3.8500%	280.62
Communal Repairs	1,960.97	3.8500%	75.50
Electrical & Lighting Testing	3,287.17	3.8500%	126.56
Examination Fees	364.00	3.8462%	14.00
External Agents Charge	26,520.49	3.8500%	1,021.04
Fire Safety	6,646.04	3.8500%	255.87
Lighting and Electricity	464.26	3.8500%	17.87
Management Fee	4,680.00	3.8462%	180.00
Passenger Lifts	1,286.42	3.8500%	49.53
Pest Control	900.00	3.8500%	34.65
<b>Totals</b>	<b>67,548.47</b>		<b>2,600.42</b>
Less invoiced on account			1,766.16
Balancing charge			<b>834.26</b>

This is your **total share of the costs** incurred for the year.

This is your share of the costs to your **individual property**.

These are the total amounts of costs to your **entire block**.

This is the amount of **money we have charged you** over the past year towards these particular charges.

If we have charged you more than what we spent on your block, the balancing charge will read as a **credit balance** carried forward, and the figure shown will have a minus sign in front of it.

This is your **balancing charge** (what you owe us) or **credit balance** (what we owe you) for the schedule. The total of all schedules will be shown on the covering letter.

## **How is the management fee worked out?**

Every year we review our costs for managing properties in our blocks or on our estates. The management fee includes the following costs:

- Staff costs of the leasehold management team
- Any pension costs associated with those staff
- Staff training
- Travel
- Legal costs associated with advice
- Computer systems
- Office accommodation
- Telephone support
- Site visits
- Consultation on major works
- Newsletters and other necessary communications

We have a range of fees. Our full fee is charged to shared owners or leaseholders living in blocks or estates where we provide all services directly.

If you live in a house, or block/estate where a managing agent arranges some or all of your services, you will pay a reduced management fee to A2Dominion. This fee will reflect our costs for maintaining records and any other services.

## **I bought my home during 2015/16. Does this affect how my account balance is dealt with?**

If you purchased your property from another leaseholder or shared owner within the year, the full amount of the balancing charge or credit balance will be applied to your customer account as described earlier in this pack.

Your solicitor may have arranged for some of the purchase monies to be held back (known as retention) to meet any shortfall that might arise, so you should contact them to see if that is the case.

If you purchased your property directly from A2Dominion as a new build, an apportioned amount of the balancing charge or credit balance will be applied to your customer account. The amount you see in the account as the balancing charge or credit balance will be from the date you purchased to the end of that year ('period of change').

## **Do leaseholders and shared owners subsidise the tenants?**

No.

There are some service charge costs paid by leaseholders and shared owners that are not included in the service charge paid by tenants. The tenants' share of these costs is included in their rent.

These differences are due to the requirements of the Landlord & Tenant Act 1985, Section 11, which rules that landlords who let property on short agreements (rather than long leases) are responsible for specified repair and insurance costs. For example, tenants do not pay for

repairs to the structure of their homes, or for cyclical decorations through their service charge.

You will only ever be required to pay your share of a service charge item. For example, if there are two leaseholders and eight tenants in a block of ten homes, you will always pay one tenth (subject to the terms of your lease) of the total cost of any given service relating to your block.

Again as a quirk of our system where there are both rented tenants and leaseholders in a block you may notice different percentages for insurance, management fee and examination fee, this will not mean you are paying more than your lease requires you to.

You will never pay more simply because there are tenants in your block.

### **Why is there such a big balancing charge or credit balance?**

The estimated service charges for each financial year are based on the information available to us about the costs we are likely to incur in that year.

Although there will usually be a difference between the budget for services and the actual costs that arise, we will continue to use new information to improve the estimates we prepare in future years. Variations can be quite large, and these usually arise when the information available to us is limited, or when we have unexpected costs, for example emergency repairs.

Some estates/blocks have services provided by an agent appointed by the freeholder of the whole estate/block, rather than by A2Dominion directly. On these estates/blocks the costs we incur mainly consist of the payments we have made to the freeholder's agent. Those costs are reported in the accounts we prepare, and may include our share of the agent's under or over spend for the whole site from an earlier period.

### **How we will respond to an enquiry about these accounts**

If you would like to query your service charge, please sign into [My Account](#) and complete our online form.

You can use our online form to query any of the following:

- I am not clear about what is included in this service charge.
- I shouldn't be charged for this service as I don't receive it.
- The work you have charged me for hasn't been done, hasn't been done well, or was done several times before it was fixed.
- I am not happy that the service has been provided for the whole year, or the quality of service is too low.
- The costs are too high.

If you would like to see a copy of the invoices for your service charge, you can also request this by completing the form. We can make the invoices available to you in two ways:

1. If you would like to inspect the invoices for your service charge costs, you can do so free of charge by visiting us at our offices. Please include your preference for this on your query form. We will then contact you to make an appointment for you at one of our offices.
2. If you would like to have copies of the invoices for your service charge, we can arrange this for you at a cost of £25. This charge is to cover our administration costs for giving you copies of the invoices. Please include your preference for this on your query form. We will then contact you to take the £25 payment and arrange for the invoices to be sent to you.

Please note: we only provide this service for the year referred to in this pack (whilst this pack is the latest version). If you want to see prior years, please contact your leasehold property manager using any of the details below.

If the information you require is held by someone else, for example a managing agent who provides services to your estate/block, we will pass on your request to them. If they ask for payment of an administration charge, we will ask you to pay that cost before proceeding.

For more information on administration charges, please see our [guide to administration charges - summary of tenants' rights and obligations](#)

## Contact us

**Online:** [www.a2dominion.co.uk/customers](http://www.a2dominion.co.uk/customers)

**By email:** [leasehold@a2dominion.co.uk](mailto:leasehold@a2dominion.co.uk)

**By phone:** 0800 432 0077 (Monday to Friday, 8:30am to 5:30pm)

In person or by post: by visiting or writing to one of our main offices.

## Translations

We'll consider requests for translations into other languages and formats including large print, audio and Braille.