



SERVICE CHARGES

Introduction

We maintain shared areas which you're entitled to use. The law also requires us to complete additional checks and servicing to make sure that you're safe along with the public, contractors and staff, as well as to prevent any fire risk.

Service charges cover the costs we've incurred, either directly or indirectly, to provide these services. They also cover the cost of repairs, maintenance, improvements, insurance and our costs of management.

You won't necessarily contribute to all costs. Tenancy agreements, leases and freehold titles explain what services you're required to contribute to.

Some charges don't have to be paid for by customers living in rented homes. This is because their rent covers the maintenance of the structure and exterior of their home and the fittings within their home related to the supply of water, gas and electricity. Tenants' rent also covers sanitation fittings (basins, sinks, baths and toilets), and the boilers or equipment provided for heating and hot water. Service charges are a means to recover the cost of services we provide which aren't included in your rent.

For leaseholders and shared owners, the service charge includes the cost to provide services to maintain communal areas, the structure of the building and any external communal grounds, as well as insuring the building.

For some sites we provide services to freeholders. This is where someone owns their home but they have access to or use of our land or equipment, such as a large open space or a car park, or they're connected to our private sewage system.

Services include but are not limited to: cleaning communal areas, grounds maintenance for land owned by Golding Homes, servicing lifts, and maintaining and servicing fire equipment. They can also include services provided by others. This is where we don't own the land or the communal areas of the building. The owner (or superior landlord) employs an external managing agent to provide these services and they then bill us our share of the costs. We recover those costs via the service charges.

Service charges can either be fixed or variable. Tenancy agreements, leases or freehold transfers explain if the charges are fixed or variable and what you contribute to. At Golding Homes we charge variable service charges in most cases.

This guide is not intended to be a comprehensive guide to everything related to service charges. You can contact the Rents and Service Charge team direct by phone on 0300 777 2600 or email to help@goldinghomes.org.uk



What are variable service charges?

Variable service charges are where we estimate the cost of services in advance for the year and collect contributions from customers, either weekly or monthly. After the end of the financial year we compare what we've charged against what it's cost. We then send out a year-end account to customers to confirm what the final costs were for the year. We either refund the balance or collect any shortfall.

A variable service charge means whilst the costs are estimated at the beginning of the financial year, on reconciling the spend after the end of the financial year the final cost may be higher or lower than anticipated. This is where the variation occurs and why they are called variable service charges.

Our financial year begins on 1 April and ends on 31 March.

For home owners we bill out or refund the balance. For rented customers we carry forward the balance to the next financial year. We either collect the balance or refund the credit in weekly or monthly instalments alongside estimated service charges for that year.



If you bought or are buying your home under the Preserved Right to Buy or Right to Acquire

When rented customers buy their homes under either the Preserved Right to Buy or Right to Acquire they may be required to pay a service charge. As part of the offer notice, we give an estimate of what the service charges will be for the first five years.

The estimate we provide gives details of what we believe the day to day services such as cleaning, grounds maintenance and buildings insurance will cost and also includes any major works you may be required to contribute to. Major works include cyclical decorations or replacement of equipment like a door entry system or a lift.

The five year period runs from the date the lease was granted or the freehold was purchased, until the end of the fifth complete service charge accounting year after the grant of lease. So in real terms, if you bought your home on 1 December 2019, the five years would end on 31 March 2025.

We can charge up to the amounts quoted in the offer notice we sent to you subject to inflation increases. The Housing (Right to Buy) (Service Charges) (Amendment) (England) Order 2010 explains what inflation figures we can use.

Older Persons' Housing

(Also known as OPAL or Sheltered Housing)

Our older persons' housing customers pay a variable service charge, but in some cases we also provide some additional services which we don't provide to our rented customers or to our home owners. We've separated them out and explained what these are in the Definitions section. They include the communal laundry, the enhanced management fee and also personal utilities such as water and gas.

Accounting for your Service Charge

How we calculate estimated service charges

Some costs occur regularly for a set amount each month or at regular intervals through the year. These are services such as lift servicing, fire alarm servicing and grounds maintenance. When we estimate the service charge for the year ahead for these, we check to see what we're currently paying for the service. We then add an estimated inflation increase to take account of rising costs and what increase the contract allows. Where we can agree the contractual increase before we set the service charge budget we'll apply that increase instead.

Some costs aren't as easy to estimate. These are for services which are more reactive, such as repairing a door entry system, fire alarm or a lift. As we won't know what may need repairing in the future we have to look at what we've spent previously and what we know may need to be done in the year ahead. We then estimate what we think it'll cost.

We also provide some services ourselves such as communal cleaning. These include staff costs as well as overheads like materials and equipment we use. We estimate the anticipated staff time and cost, then review what we spent on materials and equipment previously and use both to estimate what we think it'll cost to provide the service in the year ahead.

It's never an exact science as not every service is easy to predict. Also not every building is the same nor has the same wear and tear nor the same occupants. All these things affect the services provided as well as the cost to do so.

Newly built homes

All our new homes have variable service charges.

The service charges for new homes are estimated during construction of the properties. This means when preparing the first year's estimates we won't have information on some costs, ranging from servicing lifts and fire alarms to grounds maintenance.

We ask our contractors to give us estimated costs based on information provided by the builder. As contractors may not have visited the site at that time, the installation of the equipment may be incomplete, or the grounds unfinished, the cost may change between setting estimates and the start of providing those services.

Once the site is completed by the builder and we have taken ownership, we then ask our contractors to confirm their costs.

For other services which are more reactive or based on usage like door entry maintenance, communal electricity, lift repairs, or fire alarm repairs we'll use our knowledge of similar sites to estimate what we'll need in the first year. We also consider guarantees and defects periods which usually last one year after completion. This provides us with a clearer grasp of costs once the second year has ended.

All of this can mean charges vary from year to year during the first three years for new homes.

Shared ownership homes with initial repair period

Since 2021 some new shared ownership homes have an initial repair period in their leases. During that time we're responsible for the cost of some repairs and aren't able to use the reserve/sinking fund to pay for repairs which we're responsible for.

The repairs we're responsible are for the cost of essential repairs to the outside of the building and structural repairs to walls, floors, ceilings and stairs inside your home.

An initial repair period usually lasts for 10 years and remains in place all the time you own less than 100% share of your home. If you buy more shares in that time so you own 100%, the initial repair period ends. When the 10-year initial repair period has ended you're then responsible for all repairs you've agreed to in your lease.

You can also claim from us a maximum of £500 a year to cover the cost of repairing, replacing (if faulty) and maintaining fixtures and fittings which:

- supply water, gas or electricity – e.g. sinks, baths or pipes
- heat your home – e.g. a boiler or radiator

You'll find more information on the Government's website about this: <https://www.gov.uk/shared-ownership-scheme/repairs-home-improvements>

Please remember you do still need to pay the service charge as it covers the cost of services which aren't part of the initial repair period.

Apportionments (how we divide the costs)

We apportion costs for a lot of our estate and blocks on an equal split. This is where the costs are divided by the number of homes who use or have access to the services. With other sites, mainly newer developments, the costs are usually split by size of home but we'll use the most logical method for a site when we first decide how to split the costs.

External managing agents charges

There are some sites where we own some homes and possibly a small communal area within a larger estate which is owned by a third party.

On sites like this the third party usually employs a managing agent to manage the land and services for them. This means we're not responsible for maintaining the services provided to our customers on the larger estate, and neither is the local authority.

The managing agent charges us the cost of the services which we pass on to you as part of our service charge.

Service charge demands

We send letters in February each year giving details of what the estimated service charges are for the year ahead. These letters are formal demands advising you how much you need to pay and how often (either weekly or monthly).

We also include a "Summary of Rights and Obligations – Service Charges" which is a document we have to provide by law with our variable service charges demands. The document gives you more details about your rights.

Reviewing what we've spent at the end of the year

Once the financial year has ended (31 March) we look at what we've collected and what we've spent and send out a year-end account. The accounts will be sent by 30 September each year.

We may also ask an independent accountant to certify the account before we issue it. The independent accountant will review actual income and expenditure in line with guidance provided by the Institute of Chartered Certified Accountants (ICAEW).

Year-end Balances

As previously explained, variable service charges are only an estimate. While we take every care in calculating these estimates, there's usually a balance owed or a credit to return due to the nature of some of the services or because contractual increases were not confirmed before the estimates were prepared.

For rented customers, any balance in the year-end account will be collected or refunded in weekly or monthly instalments alongside the estimated service charge the following year. For example, for the financial year ending 31 March 2025 we'll provide the account by 30 September 2025. The balance will either be collected or refunded from April 2026 with the next years' service charge estimates.

For home owners, any balance in the year-end account will be applied to your rent and/or service charge account. You'll be expected to settle any balance owed straight away in line with the terms of your lease or freehold transfer. If there's a credit due to you and you're not in arrears you can ask us to refund this to you or we can reduce your Direct Debit to make sure we get the credit back to you. If you want us to amend your Direct Debit to refund your credit you'll need to let us know. For customers in arrears any credit will reduce what you owe and we'll expect you to continue with any instalment agreement we've agreed with you.

For home owners, any balance in the year-end account will be applied to your rent and/or service charge account. You'll be expected to clear any balance owed straight away as your lease or freehold transfer requires. If there's a credit due to you and you're not in arrears you can ask us to refund this to you or we can reduce your Direct Debit to make sure we get the credit back to you. If you're in arrears any credit will reduce what you owe and we'll expect you to continue with any instalment agreement we've agreed with you.

Please note due to Financial Conduct Authority regulations we aren't able to offer instalment arrangements to pay any sums owed if the arrangement would last longer than 12 months or would have more than 12 instalments.

Adding Charges

There may be occasions where we introduce a new service or start recovering a cost we've not recovered before. New services are usually due to need or legislation. For example, introducing a communal cleaning service where we've not had it before, or installing fire prevention equipment to ensure compliance with fire and health and safety regulations.

There may also be occasions where we need to add a charge for a service we already provide but have not previously charged for. For home owners we'll review leases and freehold transfers to determine if costs are recoverable. Where possible we'll write to let you know about any new charges and how much we estimate it'll be.

For rented customers we'll consult you about adding new charges. We'll write to you explaining the reason for the charge and how much we estimate it to be. You'll have an opportunity to respond with your thoughts and any queries you may have. Once we've considered your response and responded to any questions, we'll decide whether to proceed with the charge. We'll write to you to let you know our decision and our reasons, how much the initial charge will be and when it'll begin.

For most of our rented customers, we're only able to amend service charges once a year so new charges may not begin until the following April.

Monitoring Services

Regular site inspections

We visit sites where we provide services regularly through the year. We score the condition of the site and the services provided. If the service falls below our expected standard we either raise this with the contractor or if we provide the service, our Homes team will arrange for our in-house team to attend to it.

We also have regular meetings with the contractors who provide services for us, such as grounds maintenance. If we notice something's been missed or the quality of the service isn't up to our expected standard, we or the contractor will put it right at no additional cost to customers.

Services which the law requires us to provide

These are services such as lift inspections, fire equipment inspections and electric gate servicing. For these services we have regular meetings with the contractors who provide the services for us. In these meetings we discuss any issues and their performance, as well as compliance.

Services provided by External Managing Agents

We visit these sites on an ad-hoc basis to check services are being provided. If we identify an issue we let the agent know so they can attend to it.

If you notice an issue you believe isn't being attended to, please let us know and we can speak with the managing agent.



More Information & Advice

There are organisations who can offer free advice. We've given details of two below.

Leasehold Advisory Service Website: www.lease-advice.org

The Leasehold Advisory Service (LEASE) is a Government funded organisation offering independent advice for residential leaseholders and park home residents.

Their website has lots of useful information and you can speak with them by booking an appointment. You can also ask for written advice via an online enquiry form.

Shelter

https://england.shelter.org.uk/professional_resources/legal/home_ownership/service_charges

Shelter is a registered charity which campaigns for tenant rights in Great Britain. They offer a range of advice services including information about service charges. They have advice guides on their website but also offer online chat.

Other ways to seek advice

You can also seek advice from a solicitor experienced in property law. You'd need to speak with the relevant solicitor to find out how much this would cost.

You can search for a solicitor on the Law Society's website or if you'd like to look for a freelance solicitor you can search the Solicitors Regulation Authority.

Law Society website: <https://solicitors.lawsociety.org.uk/>

Solicitors Regulation Authority website:

<https://www.sra.org.uk/solicitors-register>

Challenging Variable Service Charges

If we're not able to resolve a concern or complaint you can refer your case to the Housing Ombudsman or seek a determination from the First-tier Tribunal. They deal with different issues.

The Housing Ombudsman can deal with queries such as complaints about collection or calculation of service charges, or how we communicated information to you.

If your concern is about the level of charge, you'd have to apply to the First-Tier Tribunal for a decision.

Examples of who can help are given on the next page.

| Housing Ombudsman | First-tier Tribunal – Property Chamber |
|---|--|
| <ul style="list-style-type: none"> · whether the information about the service charges was clear · whether you received the service being paid for · whether the standard and level of service proposed was appropriate · whether we provided key information to you about service charges when you requested it · whether we followed our policies and procedures and also the terms of the tenancy agreement or lease in deciding a change in how much you have to pay | <ul style="list-style-type: none"> · who's responsible for paying a charge · whether a charge is reasonable · the cost of buildings insurance · whether a residential long lease should be varied · right to manage · conditions and provide of buying the freehold or extending a lease · whether there's been a breach of the terms of a lease · whether to grant "dispensation" of consultation for a specific charge |

First-tier Tribunal

<https://www.judiciary.uk/courts-and-tribunals/tribunals/first-tier-tribunal/property-chamber/>

Housing Ombudsman

<https://www.housing-ombudsman.org.uk/contact-us/>

Service Charge Descriptions

On the following pages you'll find descriptions of costs we charge via service charges. We've listed them in alphabetical order. You won't pay all of these charges as we may not be providing all these services to your building or development.

We've separated out those which may be recoverable from everyone from just our sheltered homes (sometimes called OPAL) and those which only home owners pay.

Rented, Sheltered and Home Owners

Accountancy Fee

This is the cost for an independent accountancy firm to certify the service charge account. They review income and expenditure and provide a certificate confirming the information in the accounts is correct following checks of invoices and transactions.

AOV Maintenance

AOV is short for Automatic Opening Vent. These are used to control ventilation of smoke during a fire. AOVs are a legally required safety measure for buildings with multiple floors/storeys. This covers the cost of annual testing and 6-monthly inspections to ensure they're working correctly.

Bin Emptying/Hire

This is the cost for hire of large communal bins or the cost for the local Council to empty them. Not every Council will empty all the bins we provide to our buildings; Sometimes we have to pay for these to be emptied.

Where we've hired large communal bins for one of our buildings we collect the cost through a service charge.

Cesspools (including Water Treatment Plants)

Some properties aren't connected to mains drainage so are served by a cesspool or water treatment plant. This covers the cost of emptying and maintaining this facility.

Chute Cleaning

This covers the cost of cleaning and maintaining the rubbish chute.

Cleaning Service

We undertake cleaning of internal communal areas within our blocks and estates. For developments where there are no external grounds this cost may also include cleaning paths and litter picking as well as graffiti removal, cleaning of communal windows and bin stores. This covers our labour and the cost of cleaning materials and equipment.

Communal Electricity

This covers the cost of providing lighting to the communal areas of the building and/or power to equipment installed in the communal areas such as a door entry system or a lift. It may also include the cost of replacing lightbulbs and Portable Appliance Testing (PAT testing).

Communal Furniture

This covers the cost of future replacement as well as day to day maintenance of furniture we provide to day centres and communal lounges.

Communal TV Aerial

This covers the cost of providing power to the communal TV aerial and/or amplifier. It may also include the cost of servicing and maintaining the TV aerial and communal media.

Communal Water

This covers the cost of water supplied from a tap (either internally or externally) in the shared parts of your block and wastewater. Certain blocks also receive mains water directly.

Door Entry System Maintenance

This covers the specific repair and maintenance costs relating to the door entry system. This could be because the door isn't releasing or you aren't able to hear the person at the door.

Dry Riser Maintenance

Dry risers are a key piece of firefighting and fire protection equipment for tall buildings. They're designed to deliver considerable quantities of water, quickly, high up into the building so are an efficient means for firefighters to get water to all areas of the building. This covers the cost of regularly maintaining and servicing them.

Electric Gate Servicing

This covers the cost of servicing electric vehicle gates because the law requires us to ensure they're safe to use. We service gates twice per year.

Emergency Lighting Testing

This covers the cost of annual servicing and monthly testing of the emergency lighting within the communal areas. We're required by law to have emergency lighting in communal areas to ensure people can escape safely should there be a fire or other emergency. We're also required to complete monthly testing and a more detailed annual test.

EV Charging Point Maintenance

EV is short for Electric Vehicle, and this covers the cost of maintaining the charging points for this type of vehicle. It also includes the cost of the annual inspection we complete to ensure it's working properly and safe to use.

Fire Risk Assessment

This covers the cost of undertaking periodic fire risk assessments of the block.

We're required by law to ensure our buildings are safe from fire which includes regularly assessing the risk which we do by way of a fire risk assessment.

Fire Safety

This covers the cost of all fire safety requirements, such as communal fire alarm systems and communal fire extinguishers. It also includes the cost of annual servicing, weekly testing and maintenance of the system and equipment. Maintenance of fire safety equipment and assessment of fire risk are required by law.

Fly Tipping

This is the cost for us to remove non-household waste left in our communal areas. We previously included these costs in with our Grounds Maintenance charges but have separated them out to give greater clarity to customers.

Non-household waste includes things like unwanted or broken furniture, electrical equipment such as old TVs or fridges, excess rubbish bags, and old bedding and towels. The Council's bin emptying service won't remove non-household waste. If we don't remove it, they may not empty the bins as it can block their access. Also the rubbish can attract vermin or cause a potential risk to health and safety or constitute a fire risk.

Local Council's sometimes offer a bulky waste removal service for a small charge. Speak with your local Council about this if you have non-household waste you need to get rid of. Leaving items for us to remove increases service charges as well as creates a potential risk to you and other customers.

Grounds Maintenance

This covers the cost of maintaining land owned by Golding Homes, both at your block and within its vicinity. It includes the costs of cutting grass and shrubs, maintaining flower beds and hedges, weeding, litter picking, cleaning paths etc. If we have trees in the communal grounds the cost to maintain the trees will also be included.

Lift Maintenance

This covers the cost of servicing, testing, and repairing communal lifts. There are a number of laws which require us to make sure the lifts in our buildings are safe to use which includes regular testing.

Lightning Conductor Servicing

This covers the cost of the annual testing, inspecting and servicing of the lightning conductor system. Where these are installed we have to ensure they're serviced, tested and inspected regularly.

Management Fee

This covers a proportion of our costs and overheads to provide services, such as staff, electricity, and business rates. If you have ineligible charges such as personal electricity or personal water we'll show the management fee for those separately.

Managing Agent Service Charge

Newer properties are often located on estates where some services are not undertaken by the local authority or us. An external managing agent will provide these services instead, and this covers your contribution towards their costs. We pay the managing agent's invoices and pass the costs to you via a charge.

Mansafe System Servicing

The Mansafe System is a fall protection system used on high rise blocks for people to work safely at height. The law says we have to inspect and service the system annually. This includes the cost to do so.

Oil Separator

This equipment separates oil residue from surface water, removing contaminants before the water's returned to the water course. The law requires us to separate the oil residue from surface water to avoid pollution.

Pest Control

This is the cost to deal with and attend to any report of pests in communal areas such as wasps nests, mice or rats. This may include costs to remove pest from one flat in a building where we believe the problem has spread or could spread and affect more than one home.

Photovoltaic Maintenance

Photovoltaic cells are more commonly known as solar panels. This covers the maintenance of these cells to ensure optimum performance and to comply with the laws around electrical safety.

Pump Maintenance

Maintaining the pump(s) for the supply of water to the property or the removal of sewage. These have to be regularly maintained to comply with water and environmental regulations.

Vent Maintenance

This covers the cost of annual testing, six monthly inspections, maintenance, and cleaning to ensure they are working correctly. These relate to communal heating systems.

Water Testing

Analysing the constituents and/or microbial content of the water to ensure it's to a high standard and safe to drink. This is a legal requirement.



Sheltered Charges (also known as OPAL)

Communal Laundry

This is the cost of maintaining, repairing and replacing the communal laundry equipment. It can also include the cost of electricity to power the equipment.

Enhanced Management Fee/Support Charge

This covers a proportion of our costs to provide additional management services to our sheltered and semi-sheltered homes. Services include responding to care alarm calls, completing additional care checks, and welfare checks.

Handy Man Service

This service gives customers help with minor DIY jobs inside the property, for example: changing toilet seats, putting photo frames up, changing light bulbs, putting up curtain rails and so on, and one garden tidy annually.

Personal Gas

This is your share of the cost of gas for heating and hot water to your home.

Personal Water

This is your share of the cost of your personal water supply.

Home Owners' Charges

Day to Day Repairs

This covers the cost of repairs to communal areas in the block. Repairs for which you may be charged include but aren't limited to: guttering, roofs, communal doors, fire alarms, and lighting not covered by their respective contracts. Your share of the total cost is specified in your lease.

Flat Roof Inspection

This covers the cost of the visual check in line with the manufacturer's recommendations.

Heat Exchanger Servicing

A heat exchanger, also known as Mechanical Ventilation with Heat Recovery (MVHR), provides fresh air while retaining most of the energy used to heat the building. This covers the cost of servicing and maintenance which are required by electrical safety regulations.

Insurance

We're responsible for insuring the building, and this covers your contribution towards the cost of the insurance premium.

Sinking/Reserve Fund

A sinking/reserve fund is like a long-term savings account or 'rainy day' fund, which is used to help pay for large-scale repair, replacement and maintenance work as well as cyclical decorations.

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