



A Guide to Service Charges

Your service charges

The aim of this guide is to inform you how we manage service charges and answer the most common questions our customers ask us. This guide is not a comprehensive interpretation of the law, nor does it override or affect the terms of your lease.

It is important that you read your lease carefully. If there is anything in your lease that you do not understand, we recommend that you take independent legal advice. If there are any differences between this guide and your lease, the lease will always take precedence.

What is a service charge?

Service charges cover the costs of managing, maintaining, repairing, insuring and providing services to your block and estate.

How is my charge calculated?

Each year, in September, we review the service charge, taking into consideration actual expenditure from the previous year and the current year to date, any known increases from our suppliers, property maintenance plans and any changes to legislation or services.

We then prepare a service charge estimate, sometimes called a budget, and issue that to you in March in time for the financial year starting in April.

Your lease allows us to estimate your charges for the coming year and while we try to ensure these estimates are as accurate as possible, there may be adjustments that we have to make at year end when we receive the final costs. The law details that the charges must be 'reasonable' and the services provided must be of a 'reasonable standard'. S4B aims to ensure that we keep our costs under regular review to ensure they are fair and reasonable.

How often do I pay?

Leaseholders accounts are debited quarterly, and most leases will specify that payment is due on 24th June, 29th September, 25th December, 25th March. If you prefer to make monthly payments we can arrange that.

What items are chargeable?

We provide a breakdown of your service charges with your budgets. This sets out what services are chargeable.

Generally, service charges can include items such as communal cleaning, grounds maintenance, communal repairs, fire safety, communal utilities and replacement of items such as lifts. They also include management costs and any other expenses to the block or estate.



Services received can vary depending on the location, type and size of the property you live in, this means that you may not pay the same service charges as someone in a different block.

What is the Management Fee?

Your lease allows us to recover costs associated with managing, maintaining, repairing, insuring and providing services to your block and estate. The types of things covered by the management fee are the production and issuing of:

- Annual service charge estimates.
- Quarterly statements
- Annual service charge statements/year end accounts

The management fee also covers

- Regular visits to site to visually check its condition, health and safety compliance and assess the standard of services we are providing.
- The out of hours emergency service
- Dealing with service charge related queries
- Office overheads such as heating, lighting, printing, IT, etc.

The fee is a fixed 10% of the total costs incurred and is in line with the fees charged by other similar organisations. This fee is essential for us to be able to administer service charges. We do not make a profit from this or any other service charge costs.

Why does my neighbour pay a different amount to me?

You only pay for the services that are provided directly to your home or in the building and/or area that you live. There may be rare circumstances where a neighbour pays a different amount. An example of this might be where you pay for the maintenance of a communal garden, but your neighbour has their own garden.

Why are charges increasing?

There are several reasons why charges might increase. In some cases, the cost of providing the service may go up because of economic pressures beyond our control. For example, vehicle costs, equipment costs, energy costs or changes in legislation. Many of these things are affecting homeowners nationally.

We understand that the rising cost of living continues to be a challenge and if you are concerned about increases, or would like to discuss these, please get in touch.

What happens at year end

The financial year runs from April to March. At the beginning of each financial year, we issue a service charge estimate (budget), detailing the services we provide to you under the terms of your lease, and how much we estimate the costs will be.

At the end of the financial year, we will reconcile the actual amount we have spent against the estimated amount and provide you with a summary and final balance,



year-end account statement. The final balance is the difference between the total estimated amount and the total actual expenditure.

If the actual expenditure is more than the estimate there will be a shortfall, known as a deficit, and you will be required to pay your share of the deficit. If the actual expenditure is less than the estimate, there will be a credit, known as a surplus. Your lease tells us how we should manage a deficit or surplus balance, and this will be confirmed when we issue the year-end accounts.

What if I can't afford my charges?

If you are worried about your service charges, please contact S4B office on 0300 555 0128 or you can email us at info@s4bmanchester.co.uk where a member of the team can provide advice.

Where can I find a breakdown of my service charges?

Service charges will vary across schemes. You can find details of your service charges and what these cover in the budgets that we send separately to leaseholders. We have enclosed a summary of main charges in this document. If you have any questions, please do not hesitate to get in touch.

What if I want more information to support the year end accounts

Under Section 22 of the Landlord and Tenant Act 1985, a leaseholder or the Secretary of a Recognised Tenants Association has the right to request the opportunity to inspect the accounts, receipts and all other documentation supporting the end of year accounts, and to take copies of extracts from them. This is known as a Section 22 (S22) Request.

When we receive a S22 request we will make facilities available for you to inspect these documents. Please see our separate guide to S22 requests.

Do any other fees apply?

We may charge administration fees for services not covered by your service charges or management fees. These administration fees cover services such as

- Copy documents
- Breach of lease
- Removal of items in communal areas
- Requests for permission e.g. keeping a pet or making an alteration

You may also have to pay fees to Manchester City Council (MCC), for example when you sell your home. Administration fees must be fair and reasonable, and we keep them under regular review.

What is a Sinking Fund?

Sinking funds are collected to contribute toward the cost of large communal items that have a relatively long lifespan, such as roofs, lifts, and structures like bin stores. The fund can also be used to cover the cost of cyclical items, such as decorating. Rather than receiving a large bill when an item is replaced, which you may struggle to pay, leaseholders pay into the fund each month.



Do I have to pay into a sinking fund?

Collecting sinking funds helps leaseholders' budget for planned works by spreading out the costs over several years. Where your lease allows the collection of a sinking fund contribution then this will be clearly shown on your budget and year end account statements.

If the sinking fund isn't spent do I get my money back?

Contributions to sinking funds are non-refundable. If you move out of your home before the money is spent you will not get any money back. Similarly if the work, we carry out costs less than what is in the fund, no refund is given. Sinking funds are reviewed regularly to ensure that future replacement costs are covered.

What if there is not enough money in my fund?

We will plan to have enough money in your fund to contribute to the cost of large communal items. However, it is not possible to guarantee that the money in your funds will cover the full cost of any work required.

If you do not have enough money in your funds to pay for the work needed, we will discuss repayment options with you.

What if I don't agree with the charges

We aim to ensure that charges are fair and reasonable and will provide an explanation of any significant variances between your service charge estimate and year-end accounts.

If you believe we have made a mistake or you do not understand any charges, please contact us and we will be happy to investigate and respond to your query, this may involve meeting with an individual leaseholder or a group of leaseholders. We will always aim to be transparent and clear when communicating with you. While we are investigating your queries, you should continue to pay your service charges in the normal way.

After we have investigated, if you are unhappy with our responses, please let us know so we can review our decision and make an appointment to explain the outcome with you. Ultimately, any issues that remain in dispute can be referred to a First-Tier Tribunal (Property Chambers) or an arbitration panel.

Any decision made by the Tribunal is binding for both parties. The Tribunal may charge to hear your case and both parties must cover their own costs. Further information can be obtained from:

First-Tier Tribunal (Property Chambers) Residential property:
Northern region
1st Floor Piccadilly Exchange
2 Piccadilly Plaza Manchester
M1 4AH

Email: rpnorthern@justice.gov.uk



Summary of service charges

Below are descriptions of what each service charge element covers, please note, not all elements apply at all sites, your service charge estimate confirms which items you are required to contribute towards.

If you are required to contribute to an item a charge will be clearly shown on your budgets and year-end accounts. If you are not required to contribute to an item, there will be no charge shown.

Element	Explanation
UTILITY & SCHEME CHARGES	
Electricity	Supply to communal areas/facilities, e.g., lighting, heating, laundry appliances
UPKEEP OF COMMUNAL AREAS	
Mobile Cleaning	Cleaning of external communal areas using jet washing facilities either by external contractor or S4B employee
Caretaking services	Cleaning of communal areas by an S4B employee
MAINTENANCE OF COMMUNAL AREAS/ITEMS	
Day to Day Repairs	Routine reactive repairs required to all communal areas, excluding the lift
Sinking fund	Funds held in reserve to cover the cost of major/high value works. This fund also covers the cost of the high value works which happen on a recurring basis, e.g., painting.
MANAGEMENT CHARGES	
Management Fee	This covers our overheads in relation to the management of your development including staff in the Leasehold team, Finance team, Property team, contact centre, legal services, and office costs such as heating, lighting, printing, postage as well as procurement of contractors.
Buildings Insurance	Buildings insurance cover, as per the terms of your lease. Cover is provided in the form of a bulk insurance policy covering leasehold stock across the Brunswick Estate. Figures are inclusive of an administration fee and insurance premium tax

Glossary of terms

We have developed a Glossary of Terms to explain any unfamiliar words and phrases contained in our customer guides and correspondence.

Financial Year Timetable

Please see over the page for a timetable of events



Financial Year Timetable

The financial year runs from 1 April to 31 March. During this time there is a lot of activity involved in getting your budgets (estimates) issued for the coming year and finalising the accounts for the previous year. We have created a timeline that explains what happens throughout the year

Month	Activity	Explanation
January	Budget Mail out	We start to prepare to issue your budgets (estimates for the coming year)
Feb - Mar	Budgets Issued	All budgets are posted to customers
April	New Financial Year	The new financial year starts and charges outlined in the budgets apply
May	Year End prep	The financial year ends on 31 March, and the team will start to look at actual spend to finalise accounts
June	Quarter 1 payment due	Your first payment of the year is due, this covers the months of April, May and June
July	Year End Sign off	The year end accounts are reviewed and signed off by S4B managers and Manchester City Council
September	Quarter 2 payment due	Your second payment of the year is due, this covers the months of July, August and September
September	Year-end accounts Issued	The accounts concluding the previous financial year are issued to leaseholders
December	Quarter 3 payment due	Your third payment of the year is due, this covers the months of October, November and December
March	Quarter 4 payment due	Your last payment of the year is due, this covers the months of January, February and March