

A guide to service charges



There is no one size fits all approach to setting and managing service charges, which is why we build bespoke packages to suit the property blocks we manage.

We understand no one likes to pay more than they have to, so we work hard to give you the best value for your service charge.

What are service charges?

Service charges are levied by property freeholders to recover the costs they incur in providing services to a building. Most leaseholders living in flats have to pay them because it is the only manageable way to share the costs of looking after the building.

The charge normally covers the cost of general maintenance and repairs, communal amenities and cleaning of common areas for example. Dependent on your development setup you may have more than one service charge to contribute too - for example separate building and estate charges.

Cost of service charges

The details of what can and cannot be charged and also the proportion of the charge to be paid by the individual leaseholder will be set out in the lease. A service charge can be increased or decreased from one year to the next, but the charge must remain reasonable. Your lease should set out:

- What services you have to pay for
- When you have to pay
- How the freeholder collects the charges
- How the service charge is calculated
- How the charge is divided between the leaseholders
- Where there is a reserve/sinking fund

At Watsons we have a dedicated residential block and estate management accounts department. This allows us to accurately manage a leaseholders individual account and their overall service charges.

Each year we send leaseholders both an actual and forecast stating the total amount of expenditure for the previous year and the estimated costs for the year ahead. The forecast is calculated based on known expenditure from previous years, existing service contracts and planned works for the coming year based on our experience.

What is a sinking/reserve fund?

Many leases provide for the landlord to collect charges in advance to create a reserve fund. The aim is to build a sum of money to cover the cost of irregular and expensive works, this protects leaseholders from a sudden large bill. If you sell your home before the reserve fund has been used for repairs you are unlikely to receive a refund.

If there are any works to be carried out which will cost more than £250.00 per individual property we will let all leaseholders what works is planned, provide two or more estimates for the work and explain our choices for choosing a contractor. This is in accordance with the statutory process known as "Section 20" consultation. This helps ensure we provide complete transparency to the leaseholders in the properties we manage whilst giving residents the opportunity to recommend a contractor.

The Watsons service is about your needs. From day to day maintenance work like changing your light bulbs, through to large scale property renovations and compliance with the latest building legislations, Watsons are here to support you.

Meet the team

Nathan Humphreys **Head of Residential Management**

As the head of residential management Nathan is responsible for our growing number of residential blocks across the Eastern region. Nathan and his team of dedicated property managers take the hassle out of taking care of the communal areas in your block or estate. Based in your local area the team have a local area knowledge and experience with local contractors





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