



[www.enehl.org.uk](http://www.enehl.org.uk)

A company with a passion for communities

# Leaseholders



**Service charges explained**

## Other

If you would like this document in another format or language, please tick as required and return to East North East Homes Leeds, Freepost

RRJX-YRTK-TACE, Leeds, LS7 3YY.

Your name:

Your address:

Telephone:

## Formats



CD print



Large



Braille



Text



أود أن يكون هذا المستند باللغة العربية.

ARABIC

لطفاً ائمن را به زبان فارسی در اختیار من قرار دهید.

FARSI

ئەم وەرەقیەم بە کوردی ئه‌وێت

KURDISH

Chciał(a)bym otrzymać ten dokument w języku polskim.

POLISH

ከዚ ቀዝቶ ለዚ ብዕንገላ ለዚያ ለዚያ.

TIGRINI

میں یہ دستاویز اردو زبان میں چاہوں گا/گی

URDU

Another language (write in the box)

For more information call us on 0800 915 1600.

This leaflet tries to answer the most common questions asked about buying a leasehold property. They give details of the make up of the Service Charge and Ground Rent, the various elements within the Service Charge and the obligations of both the leaseholder and Leeds City Council. It also explains how the Service Charge is billed and how you may pay it.

This information is only a guide to Service Charges. If tenants / leaseholders need more information on anything in this document, you should get advice from your own legal representative or Leeds City Council.

The Leeds City Council address for enquiries is:

Environment & Neighbourhoods Directorate Leasehold Office  
Financial Administration  
5th Floor East  
Merrion House  
LEEDS  
LS2 8BB

Telephone: 0113 247 6401  
Fax: 0113 247 5582

## Leaseholders responsibilities

### **What are my responsibilities once I have bought my flat?**

Under the terms and conditions of the lease, the leaseholder must maintain parts of the flat and meet certain costs including the Service Charge and Ground Rent. The specific details are in the lease and we strongly advise leaseholders to be aware of their obligations before completing the purchase. If you are in any doubt, you should seek advice.

## Councils Responsibilities

### **What are Leeds City Council's responsibilities?**

The Council's responsibilities are detailed in the lease. Examples include to keep in repair the structure and exterior of the flat and any outbuildings and the block, including drains, gutters and external pipes, and to paint all outside parts of the building and internal common parts. **You, as a leaseholder, are responsible for meeting a share of the costs of all repairs / improvements.**

### **REMEMBER**

The responsibilities of the leaseholder and of Leeds City Council are in the lease. We strongly recommend that tenants/prospective leaseholders make themselves aware of these before completing the purchase of their property.

## **Service Charges**

### **What costs will I have to pay to the Council on completion of the purchase?**

The Council will charge leaseholders an annual amount, known as the Service Charge and Ground Rent.

### **What is the Service Charge?**

It's a charge you must pay for those services Leeds City Council continues to provide. Under the terms and conditions of the lease, you must meet a share of all the costs that make up the Service Charge. These include services, repairs, maintenance and any improvements to the flat and / or communal areas of the block along with any management costs and fees the Council has to pay.

### **How is the Service Charge worked out?**

The Service Charge represents the costs to the Council of providing services to you, as a leaseholder. Where costs relate specifically to your flat, the Council will recharge you the full cost. Where the costs are of a communal nature and a number of flats benefit from them, these costs are usually divided equally by the number of flats in the block.

### **How much is the Service Charge?**

If you are purchasing the leasehold for the first time, an estimate of the potential costs will be issued to you with the Notice advising you of the price you'll have to pay for your flat / maisonette.

This 'pre-sale' Service Charge estimate includes major repairs and improvements that may be done to your property in the future.

These are generally expensive. You should be aware that if any of this work is done in the future, the costs will be recharged to you. These can amount to several thousand pounds for major work.

**Before you complete the purchase of your flat / maisonette, we strongly advise you to make yourself familiar with the costs you may have to pay.**

### **Will the Service Charge rise each year?**

Yes. The Service Charge will rise due to inflation, increased repairs and maintenance to the flat or block, for improvement work that has been done or where extra services have been provided.

### **How will I know what the Service Charge costs are?**

All leaseholders will get a statement of the estimated service charge for the forthcoming year in March each year.

### **Service Charge accounts are payable in advance.**

### **When do I get to know the actual costs?**

You will be sent details of the actual service charge costs for the previous financial year in mid-late September each year. The accounts raised from October to March will reflect any Service Charge under or over-payment you have made.

## **When do I pay the Service Charge?**

The Service Charge is due in advance. You can pay it by:

- quarterly payments
- monthly payments (Direct Debit and Standing Order only - payments are due on the first of each month).

It's important to note that all accounts are due within 21 days of the date of issue, whether the account is in dispute or not. Leeds City Council will make every effort to resolve any disputes as quickly as possible. The Council can charge interest of 3% above the Council's bankers base rate on accounts that are paid late.

## **How can I pay?**

### **DIRECT DEBIT**

Leaseholders can pay by Direct Debit on the 1st of each quarter / month. You can get a Direct Debit form by contacting the Council's Leasehold Section after you complete the purchase of your home. Leaseholders may also convert to Direct Debit payments during the year. Any outstanding Service Charges can't be included in the Direct Debit payments and should be paid separately.

### **STANDING ORDER**

Leaseholders may arrange to pay their account by standing order. Payments are due on the 1st of each month / quarter. You can get more details by contacting the Leasehold Section on Leeds 2476401.

## **CHEQUE / POSTAL ORDER**

You can pay by cheque or postal order. The address to send your payment to will be shown on the back of your account. Please don't send cash through the post.

## **CREDIT / DEBIT CARD**

You can pay by credit / debit card by phoning the Leasehold Section on Leeds 2476401.

### **I have been advised that I have made an underpayment - what will happen?**

The Council will add any underpayment to the amount to be collected between October and March and the accounts raised for this period will reflect any underpayment.

### **I have been advised that I have made an overpayment - what will happen?**

The Council would normally deduct the overpayment between October and March, reducing the amount due.

But, if the overpayment is a significant amount and no previous accounts are outstanding, they may refund the amount by cheque.

Please note, the Council does not have to make refunds unless the lease has been terminated.

### **I have been told that I have made an overpayment, but I have previous accounts outstanding - what action will be taken?**

In this case, the Council would normally credit the overpayment to your outstanding account(s), reducing your debt to the Council.

## **What will I have to pay for**

**Normally you will have to pay your share of these costs, which are generally known as service charges:**

- ✓ The landlord's cost in maintaining the common parts, structure and exterior of the property. These could include repairing or replacing the roof, windows, lifts, staircase or external painting. The costs could sometimes be very high - several thousand pounds.
- ✓ The cost of any services provided by the landlord such as caretaking and day to day maintenance of the grounds, lighting for halls, stairways and footpaths, hot water, central heating etc.
- ✓ The costs of any improvements to the structure, for example installing of entry phones or double glazing.

**DISTRICT HEATING** - Where district heating is supplied to properties, a charge is made, where appropriate, for providing heating and hot water to individual flats and communal areas.

**FIRE-PREVENTION EQUIPMENT** - The Council provides fire-fighting equipment for communal areas of some multi-occupied properties. The charge made is for supplying, servicing and repairing the equipment.

**WINDOW CLEANING** - In blocks where the Council employs a private contractor to clean areas of communal glazing to windows and doors, proportionate costs are recharged to leaseholders.

**LIFTS** - In blocks with lifts, charges are made for the electricity supply and for servicing and repairing the lifts.

**INTERNAL LIGHTING** - This charge is for electricity used in blocks with communal lighting in stairwells, entrance halls and landings and where there is external security lighting.

**CLEANING** - In certain blocks, the Council provides a cleaning service to the communal areas of the block. The charge relates to the costs of providing this service.

**COMMUNAL TV AERIAL** - The Council provides a communal TV aerial facility in a number of blocks throughout the city. Where the service is provided, costs of supplying, servicing and repair are recharged to leaseholders.

**WATER SUPPLY BOOSTER** - This charge relates to the electricity used by the water supply booster that increases the water pressure to some multi-storey blocks.

**CARETAKING** - Where a caretaker is employed to deal with the day-to-day management of multi-storey blocks, costs are recharged to leaseholders.

**STEEPLEJACK INSPECTIONS** - Steeplejacks need to inspect the structure of high rise buildings regularly. Where there is an inspection, charges are made for this service.

**BUILDING INSURANCE** - Under the terms of the lease, the Council must provide the Building Insurance Cover on all leasehold properties. The charge levied is for the annual premium payable on individual flats and maisonettes. The reinstatement value is set at the time of the

Right to Buy valuation and is increased annually by a percentage advised by the Council's insurers.

### **What does the Building Insurance cover?**

The policy covers perils that are normally insurable for damage to the structure of the building only.

### **Leaseholders should make their own arrangements for insurance cover for their contents.**

### **I think the amount of cover is too low / too high. What can I do?**

If any leaseholder wants to increase or reduce the amount of cover they may arrange, at their own expense, a survey of the property for reinstatement value by a reputable company.

When the Council receives this in writing, it may, if appropriate, notify its insurers of the revised valuation and calculate a revision of the premium due. It may not be possible to instigate the revision until the beginning of the next financial year. But leaseholders will be advised of the date from which the revision takes place.

**INSURANCE PREMIUM TAX** - All insurance policies are liable for Insurance Premium Tax. The charge is worked out from the premium paid and the current rate of tax.

**HORTICULTURAL MAINTENANCE** - Costs for horticultural maintenance of a site (eg grass cutting) will be recharged to leaseholders.

**HOUSING SUPPORT OFFICERS** - Housing Support Officers are employed in certain blocks of flats and are responsible for all management duties in the block. Where applicable, proportionate costs of providing a Resident Housing Officer are recharged to leaseholders.

**GAS SAFETY CHECKS** - The Council, as landlord, must do annual safety inspections of gas flues in leasehold properties. Any costs of providing this service are recharged to leaseholders.

### **What will the safety inspection cover?**

The Council will only inspect those parts that are part of the structure e.g the flue. It is the responsibility of the leaseholder to check things like boilers, fires and cookers.

### **Can my own contractor carry out the flue check as part of my own contract?**

If a leaseholder employs a contractor to maintain their own equipment and the contract also includes a safety check to the flue, the Council does not have to do a further check. However, evidence of the contract must be provided to the Council to comply with the law. Where adequate evidence is not provided, the Council will do the work and will recharge the leaseholder.

**PAINTING** - The Council remains responsible for painting outside areas and any internal communal areas. This is done as needed and as determined by the Council.

### **Do I have to paint my property?**

Where a property is identified as being part of a painting programme, leaseholders will be notified of the intention to paint the outside of the property and the estimated costs. If a leaseholder does not want to have their windows and doors included in the programme, the Council can withdraw them from the contract at the leaseholders request which must be made in writing.

However, the Council will stain paint any communal areas of the block even if the leaseholder requests that their windows and doors are withdrawn. For internal communal areas, e.g. foyers, stairwells and landings, full costs will remain and be recharged to leaseholders. For external communal areas, e.g. Gutters and fascia boards, the recharge will reflect a fair cost determined by the Council.

Leaseholders have to paint the inside of their flat.

**PRIOR TO PAINTING REPAIRS** - Any repairs done to your flat or the communal areas of the block that are needed to fulfil the painting contract specification will be proportionately recharged to leaseholders.

**MANAGEMENT FEE** - The Council must recover the costs of managing its leasehold stock and the management fee is reviewed annually. The fee includes things like:

- supervising and administering all services
- maintaining appropriate records and computer systems
- replying to leaseholder enquiries
- producing Service Charge Notifications
- producing Ground Rent Notifications
- billing and debt recovery

## **5. WHAT ELSE MIGHT I HAVE TO PAY FOR?**

- ✓ Your own costs of maintaining the interior of the flat. The lease may require you to do certain things, such as to paint every few years.
- ✓ Mortgage repayments. If your lender agrees you could add some repair and improvement costs to your mortgage. But will you be able to keep up the repayments - say, if the interest rates go up?
- ✓ Mortgage Protection Insurance. Suppose you fell ill or lost your job? Could you afford to keep up with the payments? It is a good idea to insure against these.
- ✓ Life assurance. This would enable your family to pay off the mortgage if you die. We recommend this as well.
- ✓ We also recommend Contents Insurance against the risk of fire, flood or other accidents.
- ✓ Council Tax and water charges.
- ✓ Gas, electricity, telephone etc.
- ✓ Ground Rent.

## **6. WHAT ARE MY RIGHTS AFTER I BUY?**

Your lease sets out your rights and obligations but you also have rights under the law.

These include the right to:

- ✓ obtain a summary of the relevant costs of any service charges.
- ✓ look at the documents the summary is based on
- ✓ be consulted about planned major work.
- ✓ challenge a charge you think is unreasonable.

- ✓ challenge work or services you think are not of a reasonable standard.

## **Changes to Legislation**

The Commonhold and Leasehold Reform Act 2002 introduced more stringent requirements for landlords to consult their leaseholders and any registered tenants groups in the block where a service charge is payable.

It addresses the individual charges to the leaseholder and seeks to make sure leaseholders have a proper chance to consider and comment on proposals that will affect them before decisions are made.

These requirements include consulting where:

- It is proposed to enter into a contract for more than 12 months for providing goods and services where the annual recharge is to be more than £100.
- The costs of repair or improvements work are likely to be £250 or more.

In these cases the Council must send you formal Notices. These Notices will give details of the contract for the goods, services or works to be done. They will also invite you to comment on this and advise you of the date by which you must do this.

In some cases you may have the right to nominate a contractor to do the work. The Notices sent to you will advise you if you can or can't do this.

If the Council cannot comply with consultation requirements, the costs recoverable from you may be restricted.

If you need any more information about the Consultation Regulations, please contact the Leasehold Officer at the address on page 3.

## **7. SALE OF PROPERTY**

A leaseholder may sell their property (assign the lease) at any time after purchase. However, where a property is sold within 3 or 5 years of the initial date of purchase, a proportion of the discount received will be repayable to Leeds City Council.

### **What happens if I sell my flat to someone else?**

If you decide to sell the flat, you must inform the Council's Leasehold Officer as soon as possible. You should also supply details of the proposed completion date, details of the new owner, the name of the solicitor acting for you and the new owner and your forwarding address. Under the terms of the lease, a formal notice of the assignment must be forwarded by the purchaser's solicitor within one month of the assignment and a registration fee becomes due and payable.

Notice of Assignment should be sent to Leeds City Council, Legal and Democratic Services, Property and Finance, St. George House, 40 Great George Street, Leeds, LS1 3DL.

### **Will the Council buy my flat back?**

It is most unlikely that Leeds City Council will consider buying back your flat.







## Are we getting it right?

We're always trying to improve the quality of our information.

You can help us by filling in this form and:

- ✓ hand it in at any East North East Homes Leeds Housing Office
- ✓ send it to us at East North East Homes Leeds  
FREEPOST NAT 2729 Leeds LS7 3YY

Thank you for your help

What do you think about this booklet overall?

*Please tick whichever applies.*

Good  Average  Poor

What part(s) of it should we improve?

---

Did you understand the information?

Yes  No

If not, please say what you didn't understand

---

Do you think the layout is

Good  Average  Poor

How could we improve it?

---

---

Your name \_\_\_\_\_

Your address \_\_\_\_\_

Your phone no. \_\_\_\_\_

Email address \_\_\_\_\_



## Leaseholder Guide - Service Charges explained

Designed by Communications and Information Team

March 2007

Updated May 2008

Updated June 2009

Updated August 2009