

Service Charges – A Basic explanation

The information below is a list of some of the more common Service Charges that you may find as included within your Annual Statement or Proposed forthcoming Budget.

The details below are generic explanations of what each Budget Heading refers to

The examples given may not specifically relate to your property
(For example, unless you live in an apartment block, you are unlikely to have budgets for Window Cleaning, or Fire Safety).

Audit and accountancy costs, Company Secretaries

The costs in preparing the annual accounts, filing the annual returns and dealing with tax affairs. This is a statutory requirement.

Block buildings insurance

Covers the building as a whole.

Cleaning

The internal areas of the apartment block, often cleaned on a fortnightly basis.

Condition report

This relates to the 10 year cyclical maintenance report to be undertaken; again this amount is allowed to accrue in order for the report to be reviewed and updated as and when necessary.

Common window cleaning

Covering the communal windows only, which are contracted to be cleaned usually on a monthly basis.

Company Secretaries, legal costs and sundries

The development has running costs and needs funds for costs such as Companies House filing fee, hall hire for meetings, the charges of a corporate body to undertake the Company Secretarial function and costs of recovery of unpaid Maintenance Charges. The latter costs should be recoverable from the property in arrears.

Directors and officers insurance

This item appears to have been included in error, for which we apologise. This will therefore not show as expenditure in the annual accounts at the end of the year.

Door entry system

Maintenance and repairs to the communal aspects of the intercom system.

Drain repairs/cleaning

Covering communal aspects of the drains between the individual property and the remit of the water company.

Electricity - common parts

Costs of electricity to the communal lighting and any other equipment.

Electrical repairs, light bulbs

Replacement of light bulbs in the communal areas, and any associated electrical repairs.

Fire alarm/smoke ventilation

Any required repairs to the communal fire alarm system or the smoke vents.

Gardening/Grounds Maintenance

This is for the general Gardening/Grounds Maintenance Contract which is specific to your development.

Examples may be for:

- 22 visits per year. (Once per month during the winter months and twice per month during the summer when plants are growing at a faster rate).
- 12 Visits per year. (once every month)

Where relevant, this contract will include and SUDS Maintenance for any Attenuation Ponds.

Health and Safety Inspections

These surveys are a statutory requirement for property management and ensure that risks are appropriately assessed and any identified issues are acted on appropriately.

- If the Maison UK Managed Areas at your development are external only (ie Grounds), the Health & Safety Surveys are completed once every two years (biennially).
- If the Maison UK Managed areas at your development include blocks of apartments, these surveys are completed every year (annually).
- Where relevant, separate contracts may be in place for the independent inspection of specific areas such as Play Areas, Gym Equipment, Swimming Pools, etc.

Insurance valuation

This fee is allowed to accrue over a number of years to cover an insurance valuation undertaken approximately every 3-5 years.

Legal & Professional Fees

This contribution towards the service Charges is to cover any legal or professional Fees incurred as a result of any enforcement action taken by Maison UK against a leaseholder

Lift maintenance

You will notice that no charge has been made under this aspect as no lift maintenance is required.

Management Fees

Maison UK's annual fee for the work that we carry out, including creating an annual budget, instructing works, managing contractors, answering residents' queries, arranging meetings, issuing letters, performing site inspections, preparation of service charge accounts etc.

Minor repairs

General repairs at a relatively low cost such as the door closer you have reported.

Public liability insurance

Covering any claims in respect of death, injury or disease to third parties or damage to third party property, within the communal areas of the development.

Refuse bins

Any clearance of the bin store areas, including cleaning and removal of bulk waste or fly tipped refuse.

Reserve fund

The reserve fund charge is for major works/cyclical maintenance that are not covered in the general budget, as they may not need to be carried out every year. The funds in this separate account are allowed to build up year by year; this should eliminate any possibility that major works are required yet cannot be carried out due to lack of funds. It also renders it very unlikely that in this event you will receive a large invoice to cover your portion of these fees.

- Internal Reserve Funds – example works are re-decorating or re-carpeting in Communal Stairwells of apartment blocks.
- External Reserve Funds – example works may include re-surfacing car parks, re-painting or replacing perimeter fences.

Roadway Maintenance

This covers any necessary maintenance of the roadway area that is not adopted by the local authority.

Terrorism cover

In case of damage caused due to terrorism

Tree reserve fund

Funds are allowed to build up in a similar manner to the standard reserve fund, however this fund relates solely to works that may be required to trees at the development.

TV Aerial/Satellite

Any required repairs to the communal aerial/satellite system

Budget Management – General Assumptions

- The budget is a forecast of the anticipated expenditure for the forthcoming 12 month period (the Service Charge Year).
- A set of service charge accounts will be produced at the end of the service charge year, detailing the actual expenditure for the period compared to the budgeted amount.
- It is usual for the actual expenditure and the income recovered (based on the budget) to differ. Some budgets can be accurately set (such as contracted work) but other budgets can only be anticipated (such as general repairs).
- Due to the estimated nature of the income, therefore we must balance the accounts so that they are nil at the end of the year.
- In the event that there is a surplus in the accounts; i.e. we have collected more service charge than has been expended; this will be allowed to roll over and offset the following years' service charges, or apportioned and credited to individual's accounts.
- Likewise, in the event of a deficit; i.e. the level of expenditure exceeds the income; this will be apportioned and charged to individuals accounts.