

## **Service Charges – Where does your money go?**

As a leaseholder, your service charge is an essential contribution to the upkeep and management of your building. This guide explains what your service charge typically covers, helping you understand how your money is spent to maintain a comfortable and safe living environment.

### **What is a Service Charge?**

A service charge is a payment made by leaseholders to cover the costs of services and maintenance provided for the property. These charges are outlined in your lease agreement and can vary depending on the needs of your building.

### **Typical Areas Covered by Your Service Charge**

#### **1. Building Maintenance and Repairs**

- Routine repairs to communal areas, such as hallways, staircases, or shared gardens.
- Major works, such as roof repairs, external wall maintenance, or window replacements.

#### **2. Cleaning and Groundskeeping**

- Regular cleaning of communal areas, including lifts, lobbies, and corridors.
- Upkeep of gardens, lawns, and outdoor spaces.

#### **3. Utilities for Communal Areas**

- Electricity for lighting in communal spaces and power for lifts.
- Water supply for shared areas, such as outdoor taps or communal kitchens.

#### **4. Building Insurance**

- Comprehensive insurance coverage for the building structure against risks like fire, flood, and storm damage.

#### **5. Health and Safety Compliance**

- Fire safety measures, including alarms, extinguishers, and emergency lighting.
- Regular safety inspections and risk assessments to ensure compliance with legal standards.

#### **6. Management Fees**

- Costs associated with managing the property, including property managers, account administration, and communications.

#### **7. Reserve (or Sinking) Fund**

- A savings fund for future major works or unexpected expenses, ensuring financial stability and avoiding large, sudden bills.

### **Why is the Service Charge Important?**

Your service charge ensures that:

- The property is well-maintained and complies with legal and safety standards.
- Communal facilities remain in good working order for all residents.
- Future repairs and maintenance can be planned and budgeted for.

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

Service charges are typically calculated based on your lease terms. They may be divided equally among leaseholders or apportioned according to the size or value of your property. You'll receive an annual budget or statement detailing how the charge is allocated.

### **What to Do If You Have Questions or Concerns**

If you have questions about your service charge or how it's spent:

- **Review your lease agreement:** This document outlines your obligations and what the service charge can be used for.

- **Contact your Property Manager at Charles Cox:** They can provide a breakdown of charges and explain specific costs.
- **Check your statement:** Annual statements provide transparency on how funds are allocated.