

## The Service Charge

### What is covered by the Service Charge and how do I know it is fair?

Approximately two-thirds of the income from the Service Charge goes to pay the salaries of the General Manager, Operations Manager, Duty Managers and Housekeeping Assistants, who are able to provide an extensive and comprehensive service to Owners. The Service Charge covers the cost of the weekly one and a half hours housekeeping assistance provided to each apartment. It also covers the cost of 30 minutes per apartment to service the communal areas. The costs of all ancillary services such as external window cleaning, etc. are also met by the Service Charge.

The Service Charge also covers comprehensive insurance of the buildings and Public and Employers Liability, general routine maintenance, equipment and grounds, electricity and water charges for the communal areas and general office administration expenses, including audit and accountancy fees. Please see Information Sheet 4: *'How is the Service Charge Spent'* for more details.

The Service Charge does not include the internal decoration, maintenance and repair of the individual apartments, nor the Owners individual electricity and water charges. All of these and other costs associated with living in your own home, such as TV/phone are the responsibility of the Owners.

The Service Charge may be increased to include a contribution to the Future Maintenance Fund (Contingency Fund), which covers the cost of all major maintenance work and periodic refurbishment of the communal areas. It is intended that most of this fund will be paid for from the Transfer Charge when an apartment is resold, but if there is any shortfall in the fund then a Service Charge contribution will be levied.

In addition, the Service Charge pays for:

- All items of building maintenance paid for communally,
- The redecoration and refurbishment of the communal areas,
- Maintenance contracts and equipment,
- Regular cleaning of external windows and internal windows of communal areas.

The Service Charge is still payable should the property become vacant. (This is because the costs of running the development do not significantly decrease because one or more apartments are empty; the remaining occupied apartments would need to increase the amount they were paying to compensate for any shortfall.)

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The Service Charge for the first year of operation has been set by the Managing Agent but, thereafter, it will be agreed with the Board of Directors of the Owners' Company prior to the beginning of each financial year. Should there be any reason to propose a greater percentage increase in the Service Charge than the rate of inflation (that is the consumer price index) this would only be adopted following an affirmative vote at an Extraordinary General Meeting of apartment owners.

Quarterly accounts of the Owners' company will be presented to the Board of Directors of the Owners' Company and the annual accounts will be approved at the Annual General Meeting at which every member of the Owners' Company has the right to vote.

### **Can I get help with paying the Service Charge?**

Most apartment owners will, at some time, be eligible for support of some kind. For example, Attendance Allowance is a benefit that, currently, is not means tested or taxed and is paid by the Government to people over the age of 65 who need extra help with day to day living. In essence, it is the Government's way of 'topping up' the state pension to help cover the extra cost of meeting daily care needs.

Our staff, as part of their normal duties, will arrange to help any owner who requests it in making an application for Attendance Allowance, or any other benefit to which they may be entitled. In addition, Rusty Oak Ltd will offer this service to prospective purchasers of apartments in order to promote sales and re-sales.

Attendance Allowance is currently paid at the rate of £55.10 or £82.30 a week depending on the level of support you may need.

In addition if you get Attendance Allowance you may also get extra Pension Credit, Housing Benefit or a Council Tax reduction.

Of course, if you do not want the staff at Honeybourne Gate to help you apply for these benefits you can make the application yourself:

#### **Attendance Allowance helpline:**

Telephone: 0345 605 6055

Text-phone: 0345 604 5312

Monday to Friday 8am to 6pm.

NB: Eligibility for benefits does not depend on you living at Honeybourne Gate.

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