

Leasehold Team

Variable service charge – how you are charged

A service charge is a payment calculated based on the terms of the lease or tenancy agreement, either shared evenly, by floor area, number of bedrooms, or sometimes on the rateable value.

Costs

You are charged for the costs that we have had to pay to deliver services to you. We cannot charge you for anything that we have not had to pay for.

Managing Agent costs

A managing agent is an external management company that is appointed by the freeholder, to manage a block or estate. This would include services such as cleaning and building maintenance. The Managing agent invoices us for the estimated costs they expect to occur during the year, we pass these costs onto you through your service charge.

How are costs charged?

Apportionment This is the process of how the total cost of the services provided gets shared between the individual properties in a building or on an estate.

Tenancy / lease

Your tenancy or lease is your legal agreement with us and sets out what and how you are charged for the shared services you receive.

Karbon Homes has several different ways of charging due to stock transfers and you should always check your lease or contact us for a detailed explanation.

How am I charged?

Leaseholders are charged on a monthly basis. Leaseholders have the same options to pay their charges as our Tenants. The easiest way to pay is by direct debit, if you wish to set up a direct debit you should contact the Leasehold team who will assist you with this process.

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What will you receive from us?

Service charge estimate:

The estimated costs of maintaining your building or estate for the next 12 months.

Service charge reconciliation (Management Statement):

The actual costs of maintaining your building or estate for the last 12 months (the management statement) is sent within six months of the year end, showing how much has been spent on the services provided compared to how much the budget or estimate was set for.

When we write to you to issue your management statement, we will also advise you of any surplus due to you or any deficit due from you relating to the year in question.

Assurance check:

Best practice determines that when there are more than 4 units contributing to a service charge the accounts should be assurance checked by an independent accountant or auditor. This is not an audit. We believe this approach provides our leaseholders with the assurance that the accounts are a true record of expenditure. The cost of assurance checking the accounts is usually recoverable under the terms of your lease.

Inspecting your scheme accounts:

The Landlord and Tenant Act provides you with the right to inspect the accounts, this includes copies of invoices, utility schedules and documents to support the service charge. There is a prescribed process and timescales related to this procedure. Advice and information can be found at www.lease-advice.org.