

REDDITCH BOROUGH COUNCIL

A GUIDE TO SERVICE CHARGES – PART 1

When you buy your flat or maisonette you become liable to pay a Service Charge. This leaflet answers some questions which you may have.

Buying your own home is probably the largest purchase you will ever make. It is therefore important that you have all the necessary information in order to make your decision.

It is in both your interest and the Council's to ensure your home is properly maintained and that the structure of the building and any communal areas are well looked after.

1) WHEN BUYING MY FLAT, WHAT WILL I HAVE TO PAY APART FROM THE PURCHASE PRICE?

Apart from your monthly mortgage payments you will have to pay:

- A ground rent of £10.00 per year
- Council Tax, Water & Sewerage rates.
- An Annual Service Charge
- Annual MATV (Master Aerial Television) repairs & maintenance costs (where applicable)

2) WHAT IS A SERVICE CHARGE

Unlike house owners, flat owners cannot always act independently & it is the responsibility of the Council, the Freeholder, To make sure the structure of the building, any communal areas & the estate are maintained in good condition.

As Leaseholder, you will pay a proportion of the costs of any repairs, improvements & maintenance work carried out as well as Buildings Insurance & a Managing Fee. (Your building will be insured for you but a contribution to the costs is required).

3) HOW ARE THE COSTS CALCULATED?

Apart from Building Insurance & the Management Fee, costs will be divided into 3 main sections:

- Annually recurring items such as Landscape maintenance, communal lighting, caretaking etc.
- Other works carried out from time to time such as external redecoration, repair works etc, to the structure & communal areas.
- Planned improvement works.

These costs are charged to your block or the estate in which the block is situated & you will pay a proportion based on the number of properties sharing the same service. Any works required to the inside of your flat will be your own responsibility.

Buildings Insurance is paid for annually in advance & all other items annually in arrears. The policy covers risks such as fire, explosion, malicious damage, storm & tempest, flood & burst pipes etc. Your Mortgage Company may require proof of insurance cover & details of the policy will be supplied should you decide to proceed with the purchase.

Please note your home contents insurance will not be insured by the Council and you should make your own arrangements to insure these.

4) WHEN WILL I KNOW HOW MUCH MY SERVICE CHARGE WILL BE?

When you receive your Offer Notice telling you the purchase price of your flat, we will also include a Service Charge Estimate. This will tell you the likely annual cost of providing services & carrying out any improvement, repairs & maintenance work which may be necessary over the next five years:

The five year estimate –

The Council is required by law to supply this estimate covering a five year period which will be stated on the document. We will only charge up to the figures quoted, plus an allowance for inflation. In this way, you will have an idea of the maximum costs that might be incurred during the first five years. You will however, only be charged the actual costs of work done up to the maximum allowed.

At the end of the five year period, there is no more limitation & you will have to bear any reasonable cost of work carried out.

5) WHEN WILL I RECEIVE MY BILL?

Service charges are calculated at the end of each financial year and the bills are sent out in July.

Should you decide to proceed with the purchase of your flat, you will be provided with a more detailed explanation of your rights & responsibilities as a Leaseholder.