



NECTAR HOMES

Your service charges explained 2011

These notes are intended only as a guide. They are believed to be correct at the time of writing (November 2010) and are not intended to be relied upon in the event of difficulties or disputes arising in connection with your lease or freehold agreement. In such cases you should take independent legal advice.



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Introduction

Each year, we send you information about your annual service charge.

We appreciate that service charges can appear complex and we have, therefore, produced this new booklet to help you understand your service charge.

Your service charge is a charge that you are liable to pay under the terms of your lease or freehold agreement. The service charge you pay will be different depending on whether you live in a flat or a house.

If you live in a flat, it normally covers general maintenance and repairs for communal areas, building insurance, lighting, cleaning of hallways, servicing of lifts and external communal ground maintenance. Your service charge also includes a management fee, an administration charge and may include contributions towards a building sinking fund for cyclical maintenance and major works to your building.

If you live in a house, it normally covers general maintenance, repairs and ground maintenance for external communal areas for your estate. Your service charge also includes a management fee, an administration charge and may include a building insurance charge and contributions towards a building sinking fund for cyclical maintenance and major works to external communal areas for your estate.

The service charge contribution you pay will be based on the apportionments detailed in your lease or freehold agreement. It is important to remember that your agreement will detail your contribution towards both estate costs and (if you live in a flat), your contribution towards the block costs in which your home is situated. It will also give you a definition of 'block' and 'estate'.

- Typically 'block' costs cover any items such as lift repairs, cleaning, door entry systems, servicing equipment in communal areas, drainage and guttering, etc.
- 'Estate' costs cover external items such as gardening, grounds maintenance and lighting, etc.

Typically if you live in a flat, you may pay towards:

- Communal services for your block and/or estate
- Building Insurance
- Repairs to block and/or estate areas
- Management fee
- Building sinking fund
- Ground rent.

Typically if you live in a house, you may pay towards:

- Communal services for your estate
- Repairs to estate areas (for example resurfacing a shared car park)
- Building Insurance (Shared Owners only)
- Management fee.

In respect of estate management services such as cleaning, gardening and buildings insurance, we arrange these using long term contracts (usually five years) or contracts reviewed annually. These are referred to as service chargeable contracts. Please refer to page 5 for further details on how we set up service chargeable contracts.

Our intention in producing this new booklet is to give you a guide that clearly explains your annual service charges and reduces the amount of paper we send you. We hope that you find this booklet informative and useful and would welcome your comments on how we can improve it for future years.

How we set up service chargeable contracts

A service chargeable contract is a contract that we enter into with a contractor to provide goods or services which you pay for through your service charge.

Examples of service chargeable contracts:

- Repairs to blocks and estates
- Gardening and grounds maintenance
- External works
- Lift servicing
- Fire alarm services.

There are a number of different ways that we set up new service contracts. We need to follow different procedures depending on the period of the contract and the value.

If we are procuring a new service contract, a project manager will be assigned. The project manager will have significant knowledge of the service (for example repairs to blocks and estates) and the current contract. The project manager will form a project team to assist in decision making and will oversee the smooth transition from an existing contract to the new service contract. Residents (tenants and homeowners) sit on the project team making decisions, shaping procedures and influencing service specifications.

When we are tendering for a new service contract, the project manager will be mindful of ensuring value for money and quality of service. We will also take account of current legislative guidance when we set up new contracts.

We monitor our service chargeable contracts in a number of ways:

- We undertake estate inspections
- We carry out a percentage of follow-up repair inspections
- We regularly liaise with our contractors and meet them on site
- Residents contacting us to let us know when they are unhappy with a service.

We are planning to arrange regular resident events to walk around your estate to assess the appearance of the site.

Your views are crucial to us achieving long term resident satisfaction in both quality and cost. If you would like to become involved with monitoring the standard of communal services such as gardening, cleaning or repairs we would very much welcome your input. Please contact your local office for more details. Contact details are shown on the back cover of this booklet.



Service charge items and descriptions

Please find below a typical list of service charge items and a description of what it covers. Please note that this list is not exhaustive and you may pay for a service item not listed below.

Service charge item	Description
Administration charge	A charge for administering and managing the services listed in your annual service charge statement.
Carpets, curtains and other soft furnishing	Repairs and cleaning of carpets, curtains and other soft furnishing in communal areas.
Cleaning	Cleaning and removal of rubbish from internal communal areas.
Electricity	Lighting to internal and external communal areas, fire alarm systems and lifts.
Gardening wages/contract	Labour costs such as grass cutting, pruning, sweeping and weeding. This may also include any litter picking, snow clearance and rubbish removal.
Water	Charges for communal water supplies.
Window cleaning	Cleaning communal windows.
Door entry system	Servicing, repairs or rental.
Emergency lighting	All costs associated with the provision of communal emergency lighting including servicing, repairs and depreciation.
Servicing fire alarms	Fire detection and communal smoke ventilation systems servicing, repairs.
Gas	Gas for heating the communal areas.
Lift management	Servicing, repairs, insurance and emergency telephone charges.
Laundry costs	Hire, servicing and repairs to washing machines and/or tumble driers in communal facilities.
Management company charges	Costs we pass onto residents from managing agents who manage the general services at a scheme.
Recovery of fixed assets	Items that have been provided at the scheme and are being depreciated. Depreciation means that we divide the cost of providing the item over the number of years it is expected to last. We call these items "fixed assets". Examples of fixed assets are lifts, fire alarms, emergency lighting and communal laundry equipment.
Refuse container hire (paladins)	Hiring of bulk refuse containers (generally for blocks of flats).
Rubbish removal (external areas)	Removal of rubbish left on the estate.
Scheme Manager/Estate Supervisor	A proportion of staff costs that may include salary and accommodation costs.
TV aerial system	Depreciation or rental of a communal TV aerial/satellite system and any servicing and repair costs.

Understanding the paperwork we send you

Each year, we send a number of schedules to you explaining the contributions you need to make. Depending on whether you live in a house or a flat, we will send you some or all of the following documents.

Annual service charge consultation letter

This letter summarises our proposed service charge we want you to pay from April. Please see page 7 for further information.

Service charge statement - Schedule 1

This statement is a forecast for the following year of how much we estimate we will spend on communal services between April - March. Please see page 9 for further information.

Income against expenditure statement for communal services

This statement shows how much we have actually spent in delivering services such as gardening wages, electricity, repairs rubbish clearance to your block and/or estate between April - March for the previous year. We also confirm if we have collected enough money from you and your neighbours to cover the costs incurred in delivering these services. Please see page 11 for further information. Repairs to the structure and or exterior of the building will be listed in the day to day repairs charge - Schedule 2. Please see page 13 for further information.

Day to day repairs charge - Schedule 2

This schedule details communal jobs and costs carried out in communal areas at your block and/or estate. We calculate your contribution towards these jobs and confirm your annual contribution. Please see page 13 for further information. This cost is summarised on the service charge consultation letter shown on page 8.

Building sinking fund - Schedule 3

This schedule shows description of works we have either carried out or plan to carry out to your block and/or estate over a 20 year period. We use estimated costs for future works and update with actual costs once the works have been completed. Please see page 15 for further information. This schedule will show you how much you will need to pay and will be summarised on the annual service charge consultation letter shown on page 8.

Building sinking fund income against expenditure statement

We confirm the balance as at 1st April of the previous year and any interest paid on that balance. The statement will also confirm if we have deducted any monies from the building sinking fund in respect of works invoiced during the previous financial year. Please see page 21 for further information.

Please refer to pages 7, 9, 11, 13, 15 and 21 to see examples of each document and further details.

We have based our example on a scheme called Knightstone Marina. The example documents relate to Flat 5, Knightstone Marina which is owned by a homeowner. The scheme consists of three blocks of five flats each with surrounding communal gardens. Flats in two of the blocks are occupied by tenants. Flats in the other block are owned by homeowners. All 15 homes will contribute towards estate costs.



Annual service charge consultation letter

This letter provides you with a summary of the proposed annual service charge for the coming year.

These elements include: communal services, day to day repairs and building sinking fund, and also confirms your contribution towards buildings insurance and management fee.

Under the terms of your lease or freehold agreement, we may be responsible for arranging building insurance for the block you live in, your house (shared owners) or your garage. We also provide public liability insurance to cover external communal areas.

For further details about building insurance, please refer to our website: www.nectarhomes.co.uk for a summary of the policy and our insurance detailed fact sheet.

The management fee covers administering the service charge account, including production of service charge statements and annual accounts. It also covers general office administration such as arranging buildings insurance, public liability insurance to common parts, dealing with day to day enquiries, managing your block and/or estate, and consulting you.





Example: A typical annual service charge letter

Home Owner Ref:
Date: November

Name:
Address:
Address:
Address:
Postcode:

We will send all correspondence to the property address unless you notify us in writing of an alternative correspondence address

Dear: Name

30 DAY CONSULTATION - Service charge for Flat 5 Knightstone Marina

Your annual service charge is due to change in April 2011 and we think it is important that you have the opportunity to comment on your charges before they are confirmed. Please let me have any comments you want to make regarding the proposed charge within 30 days of the date of the letter.

To enable you to comment on the service charge, I enclose the following information:

Service charge statement for communal services (Schedule 1)
Building Sinking fund (Schedule 3)

Summary of proposed service charge for April 2011

Communal services (Schedule 1)	4.04
Day to Day repairs (Schedule 2)	1.56
Building Sinking Fund (Schedule 3)	13.31
Buildings Insurance	0.86
Management fee	3.05
Total per week	22.82
Total per month	99.15
Total per annum	1189.74

I will take account of your comments and then write to you during February to confirm the final service charge payable from April.

Yours sincerely,

Name
Job Title
Tel:
E-mail:

If you have any queries about your service charge, please contact the homeownership officer as shown on the letter

Schedule 1 - Service charge statement

This statement is a forecast for the following year of how much we estimate we will spend on communal services between April - March.

We calculate the forecast budget by reviewing the previous years spend and making a judgement on the likelihood of costs being incurred in the following year. This approach is promoted as good practice to avoid the potential of large fluctuations in your annual service charge. We try to forecast as accurately as possible, however, there may be unforeseen costs that we incur during the year. These are usually associated with block and/or estate repairs.

We produce a service charge statement showing either a weekly or monthly charge which you pay on a monthly basis. The frequency of the charge will be determined by the following criteria:

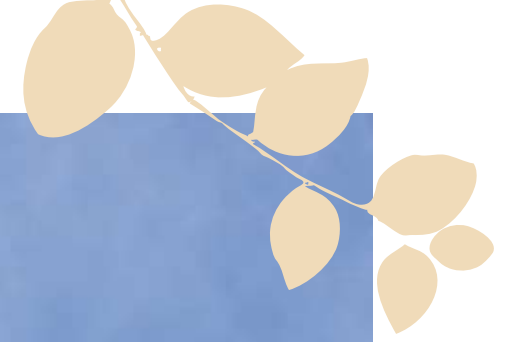
- If your property was originally purchased under the Right to Buy or Right to Acquire scheme, your charge will be shown as weekly

or

- If your property was purchased under a shared ownership scheme, your charge will be shown as monthly.

Please note that the service charge statement does not include any details regarding your day to day repairs or your sinking fund contributions. This information is sent to you on separate schedules. Please refer to pages 15 and 16 for further information.

Please refer to our example document on the next page for further explanation. The example on the next page shows a weekly service charge statement.



Example: Schedule 1 - Service charge statement

This shows 15 homes contribute towards the estate charge

This shows 5 homes contribute towards the block charge

This shows your annual total amount that you will be charged.

Depending on your financial circumstances, you may be eligible to claim housing benefit to assist you with the cost of living in your home. The cost of services common to the block or estate can be claimed through housing benefit. The cost of services that relate to the occupation of an individual flat, for example heating and hot water, have to be paid for by you out of other income. This is why we have to show an amount attributable to services that are eligible for housing benefit and those that are not.

Service charge for:

Flat 5
Knightstone Marina

Schedule 1 Communal Services

Knightstone ref:

Service charge payable for the year from April 2011 to March 2012

Items chargeable between 15 homes

	Annual total for scheme	Annual total for you
Gardening Wages/contract	£500	
Electricity	£200	
Repairs rubbish clearance	£100	
Administration @ 15.00%	£120	
Total for these items	£920	£61.34

Items chargeable between 5 homes

Servicing door entry system	£50	
Servicing lifts	£500	
Internal electricity	£100	
Administration @ 15.00%	£97.50	
Total for these items	£747.50	£149.50
Total annual charge	£1667.50	£210.84
Weekly Eligible for HB		£4.04
Weekly Ineligible for HB		£0.00
Total weekly charge		£4.04

This schedule covers internal and external services

This shows the period when the service charge is payable

This is the total weekly amount that you will be charged. To calculate the weekly charge, the annual charge is divided by 365 days and multiplied by 7. You may notice the amount will not be exact due to decimal roundings.

Income against expenditure statement

Each year, we set a budget based on what we think we will spend on communal services at your scheme. We have to estimate some costs, such as repairs, as it is impossible for us to know in advance how much will be spent. At the end of the financial year, we check the estimated cost against the actual cost to calculate any credit surplus amount, or debit deficit balance owing.

This statement shows how much in the previous year we spent on communal services for your block and/or estate, and how much we actually spent on those services during April 2010 and March 2011.

Once the surplus or deficit amount has been calculated for the block and/or estate, we will transfer this amount to the service charge statement - Schedule I. This will either show as a credit adjustment in the case of a surplus amount or a debit adjustment in the case of a deficit amount being carried forward.

Please refer to our example document on the next page for further explanation.



Example: Income against expenditure statement



Income against expenditure statement for communal services for the accounting period 01/04/2010 to 31/03/2011

Address:

Flat 5
Knightstone Marina

This statement shows how your under/over spend from previous year is calculated. This statement only refers to the items that you pay for.

In this example, 15 homes contribute towards estate costs and 5 homes contribute towards block costs

This shows how much we have spent on communal services during a period 1st April to 31st March.

This shows how much we have previously estimated and requested from you and your neighbours during the financial period 1st April - 31st March.

Items chargeable between 15 homes	Expenditure	Income	Surplus/-deficit
Gardening Wages	480	450	-30.00
Electricity	170	100	-70.00
Repairs rubbish clearance	80	100	20.00
Total for these items	730	650	-80.00
Items chargeable between 5 homes	Expenditure	Income	Surplus/-deficit
Servicing Door Entry	40	50	10.00
Servicing Lifts/Hoists	350	400	50.00
Electricity	120	90	-30.00
Total for these items	510	540	30.00

This shows the surplus amount or deficit amount for each item.

In our example, the amount -80.00 represents the deficit total for estate costs of which 1/15th will be apportioned to Flat 5.

In our example, the amount 30.00 represents the surplus total for block costs of which 1/5th will be apportioned to Flat 5.

Schedule 2 - day to day repairs

A day to day repair is a repair carried out to the fixtures, fittings, exterior and/or structure of the block or estate area. A communal area is an area either in the building or outside the building that you have access to. You will not be charged for any repairs to individual properties.

Due to legislation (Section 11 of the Landlord & Tenant Act 1985), we are required to separate out certain elements of communal repairs. This is because Knightstone has a landlords' responsibility to provide certain services, for example:

- If we needed to repair a faulty light in a communal hallway, the costs incurred for the replacing the lightbulb and carrying out an electrical test would be apportioned and passed onto all homes as a 'block' repair and appear as a communal service charge (Schedule 1).
- If we also needed to replace faulty wiring for this repair - these additional costs would again be apportioned by the number of homes in that block, however for homeowners, their charge for this element of the repair would appear on their day to day repairs Schedule 2 document, for tenant's this element of the cost is paid for through their rent charge.

Under the terms of your lease or freehold agreement, we are entitled to recover these repair costs from you. Households who rent homes from us do not pay a separate charge for communal day to day repairs. They pay for the repairs service through the rent charge they pay to Knightstone.

Please refer to our example document on the next page for further explanation.



Example: Schedule 2 - day to day repairs

Flat 5
Knightstone Marina

Day to day repair charges - Schedule 2, 2011

Job No	Description	Value with VAT	Completion date
F0012345	Electrical - external lighting repair	£50.00	07/04/2010
F0012346	Lock Change-bin store	£20.00	21/04/2010
F0012347	Electrical - internal lighting repair	£50.00	29/04/2010
F0012348	Door entry repair	£80.00	19/05/2010
F0012349	Drain repair	£600.00	02/06/2010

Total communal scheme cost	£800.00
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Your contribution is based on 1/15 of estate scheme costs and 1/5 of block costs

Your contribution towards actual costs	£70.67
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Administration charge at 15%	£10.60
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Annual amount payable from April 2011 to March 2012	£81.27
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This is the unique reference number for each job. Please quote this number in all correspondence when discussing queries.

This explains the different 'apportion' contribution requirements in respect of 'block' costs and 'estate' costs.

In this example; the electrical - external lighting repair is apportioned by 1/15th as it is an 'estate' repair.

The door entry repair is apportioned by 1/5th as it is a 'block' repair.

Brief description of repair/works.

This is the total cost (including VAT charge) for the jobs undertaken in communal areas of your block and/or estate.

This is the date the job was completed by the contractor.

This shows the amount you will be charged from April 2011 to March 2012. The annual amount will be added to the overall service charge payable April 2011 to March 2012. This amount £81.27 will be summarised on the annual service charge consultation letter as a weekly charge - £81.27 divided by 365 (days) multiplied by 7 (days) = £1.56

Schedule 3 - Building sinking fund

A sinking fund is a fund that homeowners may be asked to pay into, to fund major repairs for their block and/or estate. Monies paid into this fund accumulate for future communal maintenance, repairs and improvements, such as, external redecoration and the replacement of equipment. Interest earned on the sinking fund balance is shown in the annual accounts and remains in the fund.

Most owners of flats will be asked to contribute into a sinking fund and some house owners will pay into a sinking fund if there is a communal car park or the road leading to your property that has not been adopted by the local council.

Please refer to our example document on the next page for further explanation.



Example: Schedule 3 - Building sinking fund

Each heading has been numbered. Please refer to the next page for further detail.

Building Sinking Fund 2011: Flat 5, Knightstone Marina

Year of entry (1)	Year of work (2)	Description of work (3)	Status (4)	Cost of work to homeowner (5)	Rb11 restriction (6)	Charged to date (7)	Charge this year (8)
2001	2002	Cyclical painting	Completed	£435.08	None	£435.08	£0.00
2001	2008	Cyclical painting	Completed	£804.75	None	£298.30	£46.04
2001	2012	Cyclical painting	Planned	£804.75	None	£210.07	£40.24
2001	2017	Cyclical painting	Planned	£804.75	None	£210.07	£40.24
2002	2022	Cyclical painting	Planned	£804.75	None	£191.56	£40.24
2001	2015	Communal electrics & heating	Planned	£564.40	None	£353.98	£28.22
2001	2021	Communal electrics & heating	Planned	£408.92	None	£309.07	£20.45
2001	2011	External works	Planned	£310.36	None	£239.66	£15.52
2001	2021	External works	Planned	£982.27	None	£542.02	£49.00
2001	2011	Roof works	Planned	£37.59	None	£16.91	£1.88
2004	2011	Building structure	Planned	£1640.07	None	£839.49	£82.00
2007	2026	Building structure	Planned	£159.57	None	£123.94	£7.98
2007	2011	Windows & doors	Planned	£392.91	None	£158.94	£19.65
2007	2021	Windows & doors	Planned	£2447.16	None	£467.07	£122.36
(9) Cost to homeowner of works we've done							£1239.83
(10) Cost to homeowner of works we plan to do							£8125.67
(11) Total amount previously requested							£4396.16
(12) Annual charge payable from april 2011							£513.92
(13) VAT (20% of charge above)							£102.78
(14) KHA administration charge (15% of above charge)							£77.09
(15) Total charge payable by homeowner from April 2011							£693.79

The explanations below correspond to the numbered headings on the previous page.

(1) Year of entry

This is the 1st year we start to collect funds for this element of work. The contribution being requested for each element of work assumes payment over 20 years.

(2) Year of work

This is the year when we have either carried out the work, or is the estimated year when the work will be undertaken. The year of work is based on our stock condition surveys.

(3) Description of work

We have grouped work that would normally be undertaken at the same time together under one general heading. This means that your fund may now include 'roof works' rather than a long list of individual roof repairs such as guttering, eaves, verges etc.

The list opposite is a guide to some of the headings and what work may be included as part of them. Not all the headings will necessarily be in your fund and some other specific works may be included where there are no other similar planned works during that year.



Description of work explained

Cyclical painting (works)	This is our planned painting programme and may include things such as painting and minor repairs to the building.
Roof works	All parts of the roof including: tiles, felt, eaves, verges, guttering and down pipes. May also include work to chimney stacks.
Doors and windows	If you live in a flat, depending on the terms in your lease, we will include the refurbishment or replacement of your window frames and the communal doors. It does not include your internal doors.
Communal electrics and services	As well as electrics this may include communal fire alarms, lighting and door entry. If you have a communal boiler (district heating system), this may also be included in this group. Storm water pumps/ sewage pumping stations.
Building structure	This may include planned work to the building's walls and the wall finishes such as render or pebble dashing.
External works	This will include any planned works to the communal gardens and boundary walls. It may include work to pavements and driveways as well as any parking areas.



(4) Status

This column confirms works are either 'planned' or 'completed'. Occasionally, an element of work is cancelled. If this happens, we will update the status column as 'cancelled'.

(5) Cost of work to leaseholder

This is the apportioned cost of the work you are liable to pay.

Initially, the cost in this column is an estimated cost for planned works, once the works have been undertaken we update this column with the actual cost. The figure is not the total cost of the work. It does not include either VAT or our administration charge (15% of costs of work).

(6) RB11 restriction

If you previously rented your home from us and subsequently exercised your Right to Buy Scheme the property, you may have a restriction on how much we can charge you for specific item(s) of work if completed within five years of the purchase of your home. This also applies if you bought your home on the open market within the initial five years period from someone who had bought under the Right to Buy Scheme. If this is the case it will show here and the amount payable will be based on this figure.

(7) Charged to date

This is the amount we have charged for this element of work. Please note when producing this schedule, an assumption is made that you have paid your charges up to date.

(8) Charge this year

This is your charge for this element of work.

For planned works, we divide the estimated cost by 1/20th to calculate your annual charge.

Once works have been undertaken, we update the amount in column 5 (Cost of work to leaseholder) and adjust your annual charge (less contributions already collected) and recalculate remaining balance by the remaining 20 year repayment term.



(9) Cost to homeowner of works we have done

This is the combined actual cost of works we have completed for your property as shown for this 20 year programme of works.

(10) Cost to homeowner of works we plan to do

This is the combined (estimated) cost of works which we plan to undertake at your property.

(11) Total amount previously requested

This is total amount of money we have previously charged to date (see column 7) for completed and/or future planned works listed in column 3 (Description of Work) and column 5 (Cost of work to homeowner). This amount does not include payments towards VAT or our administration charge.

(12) Annual charge payable from April 2011

This charge is calculated by combining your individual element charges listed in column 8 (Charge this year) payable between April 2011 and March 2012.

(13) VAT (20% of charge above)

VAT is charged on all repair and maintenance work, services provided by contractors, materials purchased and any related expenses. VAT is not chargeable on the management fee or administration charge. This VAT is calculated against the amount box numbered 12 (Annual charge payable from April 2011).

VAT is currently shown separately on any sinking funds due to the way we break down the elements of work. On your service charge statement and day to day repairs, we show costs inclusive of VAT. This is because our contractors invoice inclusive of VAT.

(14) Administration charge (15%) of above charge

This charge covers the cost of our Maintenance Team, Asset Management Team and other Knightstone departments administering the works for your block and/or estate.

(15) Total charge payable by homeowner from April 2011

This charge is calculated by adding up the amounts showing in box numbered 12 (Annual charge payable from April 2011), box numbered 13 (VAT 20% of above charge) and box numbered 14 (KHA Administration Charge 15% of above charge).



Building sinking fund income against expenditure statement

Not every home owner will contribute to a sinking fund. If you do, we will send you a statement each year to confirm;

- The balance of the building sinking fund brought forward from the previous year
- Amount requested from you
- Amount we spent on cyclical maintenance of major works the previous year
- Interest payable on the sinking fund balance
- Revised balance being carried forward.

Please refer to our example document on the next page for further explanation.





Example: Building sinking fund Income against expenditure statement.

This is your individual contribution towards costs we have incurred carrying out the works to your block or estate

Interest amount payable

This figure is calculated by adding the amount requested to the balance brought forward. The amount we spent on cyclical maintenance is deducted from that total. Any interest is then added less the income tax paid.

BUILDING SINKING FUND
Income against expenditure statement for the period
1 April 2009 - 31 March 2010

Property Address: Flat 5, Knightstone Marina
Date Issued: 27/08/2010

Balance on the building sinking fund brought forward to 1 April 2009 3937.76

Amount requested from you as your building sinking fund charge last year 609.10
This is the amount we have requested from you for 1 April 2009 - 31 March 2010. For the purpose of this statement, it is assumed that you have paid your requested contribution in full each month.

Amount we spent on cyclical maintenance or other major works last year 0
We apportion these costs according to your lease.

Interest 15.32
Interest payable on Sinking Fund balances is calculated on 0.75% less than the prevailing Bank of England base rate as at 31st March.

Income tax paid on the interest -3.06

Building Sinking Fund Balance carried forward at 1 April 2010 4559.12
The balance on the fund will rise and fall from year to year depending on when works are carried out. The fund is managed on a 20 year rolling basis and will run into deficit from time to time over that period.

Notes
(1) If any of the figures are in brackets this shows a deficit balance

The annual service charge process 2011

From April 2011, we have a 3 stage process to review your annual service charge, as follows;

Stage 1 (June), we will send you;

- An income and expenditure statement for communal services relating to your block and/or estate and confirm any surplus credit amount or deficit balance owing
- Details of any day to day repair jobs undertaken in communal areas for your and/or estate and confirm your contribution towards this costs
- Provide you with a timescale (30 days) to raise any queries about your communal services costs. Should a query be received after the consultation period has expired and an adjustment be required, this will be dealt with in the next accounting period.

Stage 2 (November), we will consult with you about your estimated service charge payable from the following April.

We will confirm;

- Any surplus credit amount, or deficit balance owing from your income and expenditure statement (as mentioned above)
- Your day to day communal repair(s) contribution (as mentioned above)
- Your service charge budget
- Your administration charge
- Our management fee
- Building insurance (if applicable)
- Contribution towards a building sinking fund for your home (if applicable)
- We will provide you with a timescale (30 days) to raise any queries about your estimated service charge.

Should a query be received after the consultation period has expired and an adjustment be required, this will be carried forward to the next accounting period.

Stage 3 (February), we will confirm your annual service charge payable from April. We will also send you a copy of your “Rights and Obligations”. We are required to produce this information using a prescribed legislative format and wording.



How to pay your service charge

You can pay your rent or service charge in a way that suits you:

- Through your bank account (Direct Debit or Standing Order)
- By telephone
- On the internet
- In shops or at the post office.

For more details about this, please refer to our website:
www.nectarhomes.co.uk for our Rent and Service Charge Payments fact sheet.



Ground Rent

In accordance with the terms of your lease, you may also need to pay an annual ground rent amount.

Where Knightstone is the freeholder (owner) of the building, we will ask you to pay this in January for the coming year. We will send you a demand notice, again having to use the prescribed legislative wording and format.

Where Knightstone is not the freeholder (owner), we will add this charge to your annual service charge and this will form part of your monthly charge.

Please refer to our example document on the next page. This is the prescribed format and content that we are legally obliged to send to you where Knightstone is the freeholder (owner) of the building.



Example:
Form of rent
demand notice

Commonhold And Leasehold Reform Act 2002, Section 166
Notice To Long Leaseholders Of Rent Due

To: *(insert name)* (note 1)

This notice is given in respect of (address of premises to which the long lease relates)

It requires you to pay rent of £... on *(insert date)* (note 2)

This rent is payable in respect of the period *(state period)*.....

In accordance with the terms of your lease the amount of £... is/was due on *(insert date on which rent due in accordance with the lease)* (note 3)

Payment should be made to Knightstone Housing Association, Station Road, Worle, Weston-super-Mare, BS22 6AP

This notice is given by Knightstone Housing Association.

Notes for leaseholders

Read this notice carefully. It sets out the amount of rent due from you and the date by which you must pay it. You are advised to seek help immediately, if you cannot pay it, or dispute the amount. Those who can help you include a citizens' advice bureau, a housing advice centre, a law centre and a solicitor. Show this notice and a copy of your lease to whoever helps you.

The landlord may be able to claim additional sums from you if you do not pay by the date specified in this notice. You have the right to challenge the reasonableness of any additional sums at a leasehold valuation tribunal.

Section 167 of the Commonhold and Leasehold Reform Act 2002 and regulations made under it prevent your landlord from forfeiting the lease for non-payment of rent, service charge or administration charges (or a combination of them) if the amount owed is £350 or less, or none of the unpaid amount has been outstanding for more than three years.

Notes for landlords

- (1) If you send this notice by post, address it to the leaseholder at the dwelling in respect of which the payment is due, unless he has notified you in writing of a different address in England and Wales at which he wishes to be given notices under section 166 of the Commonhold and Leasehold Reform Act 2002.
- (2) This date must not be either less than 30 days or more than 60 days after the date on which this notice is given or before that on which the leaseholder would have been liable to make the payment in accordance with the lease.
- (3) Include this statement only if the date for payment is not the same as the date determined in accordance with the lease.



It is not our intention to produce a service charge booklet every year. For minor changes, we will publish an updated version on our website and advise you in writing of any changes.

Please therefore keep this booklet with your copy of 'A handbook for homeowners'. A copy of this handbook is published on our website: www.nectarhomes.co.uk

By making the above changes and improving the clarity of information we provide you, we hope you will find it easier to understand how we calculate your annual service charge.

Contact Details

Our Homeownership Management Team can respond to your day-to-day questions and help you with any concerns you may have.

Bristol office

Backfields House
Upper York Street
Bristol
BS2 8WF

T: 0117 984 8170

E: homeowner@nectarhomes.co.uk

www.nectarhomes.co.uk

Poole office

129A Commercial Road
Parkstone
Poole
BH14 0JD

T: 01202 505558

E: homeowner@nectarhomes.co.uk

www.nectarhomes.co.uk

Central office

Station Road
Worle
Weston-super-Mare
BS22 6AP

T: 01934 524462

E: homeowner@nectarhomes.co.uk

www.nectarhomes.co.uk

